



Daily Report

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CONTENTS

16 February 1996

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INTERNATIONAL AFFAIRS

General

PRC: Spokesman Refuses Comment on Fujian Exercises [Hong Kong EASTERN EXPRESS 16 Feb]	1
PRC: Spokesman: Taiwan's Activities To 'Split' Motherland [ZHONGGUO XINWEN SHE]	1
PRC: CNS Reports Spokesman Comments on Taiwan Separatism [ZHONGGUO XINWEN SHE]	2
PRC: Spokesman on Sino-U.S. IPR Consultations [ZHONGGUO XINWEN SHE]	2
PRC: Spokesman on Taiwan, Nuclear Issues, IPR Talks [Hong Kong TA KUNG PAO 16 Feb]	2
PRC: Spokesman Terms Sino-U.S. IPR Talks 'Useful' [ZHONGGUO XINWEN SHE]	3
PRC: Spokesman Says Diaoyutai Islands 'China's Territory' [ZHONGGUO XINWEN SHE]	4
PRC: Spokesman's Comments on Nuclear Proliferation Cited [ZHONGGUO XINWEN SHE]	4
PRC: Official Calls For More Asia-Europe Economic Cooperation [XINHUA]	4
PRC: Editorial Views ROK, Japan Island Dispute [Hong Kong WEN WEI PO 14 Feb]	4

United States & Canada

PRC: Wu Yi on China's Reaction to Sanctions [ZHONGGUO XINWEN SHE]	5
PRC: Beijing Envoy Says Sino-U.S. Ties Should Be Normal, Stable [XINHUA]	6
PRC: Editorial on U.S. Aim in Exerting Pressure Over IPR [Hong Kong WEN WEI PO 16 Feb]	6

Northeast Asia

PRC: Minister on Boosting Economic, Trade Ties to ASEAN [XINHUA]	8
PRC: XINHUA Reports ROK To Donate Goods to Quake Victims [XINHUA]	8

Southeast Asia & Pacific

PRC: Li Tieying Receives Cambodian Delegation 12 Feb [XINHUA]	8
PRC: CPPCC Chairman Li Ruihuan Receives Sihanouk [XINHUA]	9
PRC: Sino-Vietnamese Railway Resumes Operation [XINHUA]	9

West Europe

PRC: Zhu Rongji Addresses Asia-Pacific Economic Commission [XINHUA]	9
PRC: Wu Yi Criticizes EU for Protectionism Against PRC Products [ZHONGGUO XINWEN SHE]	11
PRC: Anniversary of Sino-Austrian Ties Celebrated in Austria [XINHUA]	11
PRC: Finland Offers Aid to Yunnan Earthquake Victims [XINHUA]	11
PRC: Portuguese Foreign Minister Meets With Chinese Counterpart [Lisbon DIARIO DE NOTICIAS 14 Feb]	12
PRC: Portuguese Foreign Minister Meets Press in Beijing [XINHUA]	12
PRC: Portuguese Foreign Minister Departs 15 Feb [XINHUA]	12
PRC: Official Hails Sino-Portuguese Cooperation on Macao [XINHUA]	13

NATIONAL AFFAIRS

Political & Social

PRC: Li Peng 'State of Nation' Address To Include 9th 5-Year Plan [Hong Kong SOUTH CHINA MORNING POST 16 Feb]	14
---	----

PRC: Reports on Central Leadership Activities 8-13 Feb [XINHUA, etc.]	14
PRC: China To Develop New Propaganda Operations To Boost Image [Hong Kong SOUTH CHINA MORNING POST 16 Feb]	16
PRC: Article Deplores Effect Foreign Films, Cartoons Have on Children [GONGREN RIBAO 12 Feb]	17
PRC: Police Crack Down on Gambling in Dongguan [ZHONGGUO XINWEN SHE]	18

Science & Technology

PRC: Israeli Reports 'Thousands' Injured in Rocket Explosion [Jerusalem TV]	18
PRC: Explosion of Rocket Reportedly Kills 4, Injures Dozens [Hong Kong EASTERN EXPRESS 16 Feb]	19
PRC: Spokesman Comments on Rocket Failure [Beijing Radio]	20
PRC: Priority Given To Developing Digitized Technology Products [XINHUA]	20

Military & Public Security

PRC: Beijing Prepared for 'Unexpected Event' in Taiwan Elections [Hong Kong EASTERN EXPRESS 16 Feb]	20
*PRC: Chinese-Made Surface-to-Air Missile Profiled [BINGQI ZHISHI 15 Nov]	21
*PRC: Review of Public Order Regulations for Legal Entities [RENMIN GONGAN BAO 30 Nov]	23
PRC: New Commander of Guangzhou MR Addresses Party Congress [Guangzhou Radio]	24
*PRC: Ways To Improve Quality of Recruits Examined [GUOFANG 15 Oct]	25
*PRC: Discussion of Ensuring Quality of Military Personnel [DONGHAI MINBING 1 Nov] ..	27

ECONOMIC AFFAIRS

General

PRC: Article Views Debts of State Firms [RENMIN RIBAO 13 Jan]	30
PRC: State Enterprises Urged To Raise Efficiency [RENMIN RIBAO 25 Jan]	32
PRC: Continued Control Over Prices in 1996 Urged [RENMIN RIBAO 10 Jan]	34
PRC: Water Resources Minister Discusses Priorities [RENMIN RIBAO 5 Jan]	36
PRC: 'Yearender' Looks at 1995 Peasants' Income [RENMIN RIBAO 28 Dec]	38
PRC: Profit From High-Tech 'Torch Program' Cited [XINHUA]	39
PRC: Steel Production Targets for Year 2000 Set [ZHONGGUO XINWEN SHE]	40
PRC: Coal Enterprises Urged To Pay Workers Promptly [XINHUA]	40
*PRC: Prospects for Developing Northwest Outlined [JIEFANG RIBAO 22 Nov]	41

Finance & Banking

PRC: Major Banks Set Focus of Loans for 1996 [RENMIN RIBAO 16 Jan]	42
--	----

Foreign Trade & Investment

PRC: Zhu Rongji Says Overseas Recruiting To Continue [XINHUA]	43
PRC: Foreign-Funded Enterprises Contribute Taxes [XINHUA]	44
PRC: Indebtedness of Foreign Business Rises [ZHONGGUO XINWEN SHE]	44
PRC: Foreign Investment Sought for Coal Gas Projects [Hong Kong CHING CHI TAO PAO 15 Jan]	45
PRC: Beijing Mayor Meets With Swiss Executive [XINHUA]	45
PRC: Beijing Municipality Encourages Foreign Investment [ZHONGGUO XINWEN SHE]	45
PRC: Foreign Capital Continues To Pour Into Fuzhou [ZHONGGUO XINWEN SHE]	46
PRC: Major Insurance Firm Backs Gansu's Foreign Investors [XINHUA]	46
PRC: Shanghai's Minhang Zone Focuses on Foreign Investment [XINHUA]	46

Agriculture

PRC: Grain Production in Hebei Hits Record High [XINHUA]	46
--	----

PRC: Inner Mongolia Urges Effort To Reduce Peasant Burden [Hohhot Radio]	47
PRC: Tibet Makes Investment To Boost Animal Husbandry [XINHUA]	48

REGIONAL AFFAIRS

East Region

PRC: Fujian's Overseas Labor Services Booming [XINHUA]	49
PRC: Jiangsu Issues 1995 Statistical Communique [XINHUA RIBAO 30 Jan]	49

North Region

PRC: Beijing Mayor Marks Establishment of Education Commission [XINHUA]	57
PRC: Shanxi People's Congress Appoints New Officials [SHANXI RIBAO 20 Jan]	57
PRC: Tianjin Committee Meeting on Anticorruption Work [Tianjin Radio]	58
PRC: 'Binhai New Area' Leads Tianjing Economic Development [XINHUA]	59

Northwest Region

PRC: Coal, Gold, Asbestos Aiding Development in Northwest [XINHUA]	59
PRC: Gansu Investing in Post, Telecommunications Growth [XINHUA]	59
PRC: Small Enterprises Benefit From Heilongjiang Reforms [XINHUA]	60
PRC: Shaanxi Elects New Governor, Other Leaders [XINHUA]	60
PRC: Xinjiang Party Committee Elects Leadership [XINHUA]	60

TAIWAN

Taiwan: Li, Lien Speak at Islands on Military Crisis [CNA]	61
Taiwan: Spokesman on Military Exercise, Perry's Accusations [Taipei CHUNG-KUO SHIH-PAO 16 Feb]	61
Taiwan: 'Military Sources' on PRC Exercises Around Pingtan [Taipei CHUNG-KUO SHIH-PAO 15 Feb]	61
Taiwan: Ministry Says PRC Exercise 'Likely' Near Pingtan [CNA]	62
Taiwan: Military Ready for Possible PRC Invasion [AFP]	62
Taiwan: Military Strengthens Island, Offshore Defenses [Taipei CHUNG-KUO SHIH-PAO 13 Feb]	63
Taiwan: Officials Do Not Rule Out 'Counteroffensive Action' [Taipei Radio]	63
Taiwan: 'Text' of Lien Chan Article on Reunification [CNA]	64
Taiwan: U.S. Congressmen Cite Perry's 'Message' to PRC [CNA]	67
Taiwan: Jiang Zemin Said To Refuse To See Li's Emissaries [Taipei TZU-LI WAN-PAO 14 Feb] ..	68
Taiwan: Lawmakers Said Planning Macao Forum [Hong Kong EASTERN EXPRESS 16 Feb]	68
*Taiwan: Party Polls Effect of PRC Military Threats [Taipei TZU-LI WAN-PAO 26 Aug]	69
*Taiwan: Polls Gauge Party Reactions Toward Mainland [Taipei TZU-LI WAN-PAO 26 Aug]	69
*Taiwan: Taipei Article Examines Li Teng-hui's Religious Faith [Taipei HSIN HSIN WEN 9 Sep] ..	70
*Taiwan: Weekly Assesses Chen Li-an's Presidential Potential [Taipei HEIPAI HSINWEN 27 Aug] ..	73
*Taiwan: Taipei Journal Polls Voters on Presidential Elections [Taipei HSIN HSIN WEN 21 Oct] ...	77
*Taiwan: Weekly Weighs Presidential Candidates' China Policy [Taipei HEIPAI HSINWEN 1 Oct] ..	78
*Taiwan: Air Force Commissions IDF, E-2T Squadrons [Taipei CHIEN-TUAN K'E-CHI 1 Dec]	79
*Taiwan: Suspension of P'enghu County Magistrate Questioned [Taipei HSIN HSIN WEN 7 Oct] ..	81
Taiwan: Haitian Daily To Correct Report on Check From Taipei [CNA]	83

HONG KONG & MACAO

Hong Kong

Hong Kong: Zhou Nan Sends Lunar New Year Message to Hong Kong People [XINHUA] ...	84
Hong Kong: Preparatory Committee's Selection Committee Panel Meeting [XINHUA]	84

Hong Kong: 'Nucleus' To Have 'Final Say' in Selection Committee Choice [<i>Hong Kong EASTERN EXPRESS 16 Feb</i>]	84
Hong Kong: Editorial on Preparatory Committee Controversy [<i>Hong Kong EASTERN EXPRESS 16 Feb</i>]	85
*Hong Kong: Polls Assess Territory's Future [<i>Hong Kong CHIU-SHIH NIEN-TAI 1 Aug</i>]	85
Hong Kong: Firms Invest Heavily in Tianjin [<i>XINHUA</i>]	87
Hong Kong: Mainland-Hong Kong Red Cross Cooperation Rising [<i>XINHUA</i>]	87
Hong Kong: Warnings of Violence After Manila Accepts Vietnamese [<i>Hong Kong SOUTH CHINA MORNING POST 16 Feb</i>]	88
Hong Kong: Editorial on Philippines' Policy on Boat People [<i>Hong Kong SOUTH CHINA MORNING POST 16 Feb</i>]	88

General

PRC: Spokesman Refuses Comment on Fujian Exercises

HK1602031196 Hong Kong EASTERN EXPRESS
in English 16 Feb 96 p 13

[By Christiaan Virant]

[PTS Transcribed Text for FBIS] People's Liberation Army troops in Fujian province have been put on alert and seven of the province's largest ports have been closed in preparation for the large-scale military exercises which are expected to be held after the lunar new year.

Taiwan intelligence sources said yesterday that the ports of Mawei, Sansha, Pingtan, Dongao, Songxia, Nanzhong and Xiaoshandong have been closed as troops continue to pour into the province for the war-games.

The PLA has also cancelled all leave for troops in the Jinan and Guangzhou military regions, which consists of the seven provinces along China's eastern coast, they said.

At least 150,000 troops have been mustered in Fujian province for the exercises, Taiwan's Defence Minister, Chiang Chung-ling, said earlier this week. In response to the build-up, Taiwan's armed forces have cancelled leave and put all troops on a higher alert.

Reflecting top-level concern about the war-games, Taiwan President Li Teng-hui and the Premier Lien Chan visited troops on the frontline islands of Kinmen and Matsu yesterday.

On Kinmen, Li thanked the troops for guarding Taiwan against "endless manoeuvres by Communist Chinese troops", and in Matsu the premier said Taiwan's military forces should "prepare for war, but not ask for war".

The visit, ostensibly to oversee the founding of Li's presidential campaign office, follows a secret visit by Taiwan's armed forces' leaders last Friday.

Taiwan's ever-sensitive stock exchange fell sharply yesterday, the last day of trading before the holidays. However, market analysts said this was due to pre-lunar new year selling rather than any reaction to the news of troop movements on the mainland.

Nevertheless, Taiwan's economy has suffered from this continued sabre-rattling, growing only 4.86 per cent between October and December last year.

This is the lowest quarterly growth in five years, the Directorate-General of Budget, Accounting and Statistics reported.

Chan Te-sung, a directorate official, said Taiwan's stock and property markets had been rattled by "the persistent and unprecedented" pressure from China, and the economy weakened after a subsequent fall in consumption.

In Beijing, a Foreign Ministry spokesman, Shen Guofang, refused comment on the exercises, widely reported in the Hong Kong press and confirmed by United States intelligence sources last week.

The normally well-briefed Shen told reporters that he knew nothing about the military manoeuvres.

"My job as spokesman for the Ministry of Foreign Affairs does not cause me to be well-informed of the deployment or the movement of the Chinese army down there," Shen said at a routine media briefing.

In Washington, General John Shalikashvili, the chairman of the Joint Chiefs of Staff and the senior military adviser to President Clinton, said the US is watching the mainland's preparations for military exercises closely, but sees no signs of an invasion.

"We do not believe that they have the capability to conduct amphibious operations of the nature that would be necessary to invade Taiwan," Shalikashvili said.

PRC: Spokesman: Taiwan's Activities To 'Split' Motherland

OW1502142696 Beijing ZHONGGUO XINWEN SHE
in Chinese 1141 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, 15 Feb (ZHONGGUO XINWEN SHE) — Foreign Ministry spokesman Shen Guofang said today: The Taiwan authorities have to bear all the consequences if they continue to carry out activities designed to split the motherland.

Shen made his remarks in response to speeches delivered by Li Denghui [Li Teng-hui] when the latter recently said that Taiwan had to continue to expand its international space, claiming that the island's move towards the international community was the only way ahead.

The spokesman said: Taiwan is an indivisible part of China and that this is recognized internationally. The Taiwan authorities should proceed from the overall interest of the whole nation and give up their attempts to create "two Chinas," "one China, one Taiwan" or "independence for Taiwan". This is the only way out for the Taiwan authorities.

PRC: CNS Reports Spokesman Comments on Taiwan Separatism

OW1502141196 Beijing ZHONGGUO XINWEN SHE in English 1204 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (ZHONGGUO XINWEN SHE) — Taiwan has to bear all the consequences if it continues to carry out activities designed to split the motherland, China's Foreign Ministry spokesman, Shen Guofang, said today.

Mr. Shen made his remarks in response to speeches delivered by Li Teng-hui of Taiwan when the latter recently said that Taiwan had to continue to develop its international connections claiming that the island's move towards the international community were the only way ahead.

The Chinese official noted that Taiwan was an indivisible part of China and that this was recognized internationally.

He added that Taiwan authorities should consider the whole nation and give up its attempts to create "two Chinas", "one China one Taiwan" or "independence for Taiwan". He stressed that by doing so it was the only way out for Taiwan authorities.

PRC: Spokesman on Sino-U.S. IPR Consultations

OW1502140396 Beijing ZHONGGUO XINWEN SHE in Chinese 1125 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (ZXS) — Representatives from China and the United States exchanged information and briefed each other on the implementation of an agreement on intellectual property rights [IPR] at a meeting held on February 13, Foreign Ministry spokesman Shen Guofang said today.

Mr. Shen noted that the two sides considered the meeting useful.

He stressed that the Chinese government's determination to protect intellectual property rights would remain unchanged.

The spokesman also pointed out that protection of intellectual property rights was complex and that all relevant problems would not be solved in a short period.

China was willing to boost cooperation with foreign governments in this area on the basis of equality, said Mr. Shen.

The Chinese official noted that the protection of intellectual property rights was significant. What has more important, according to Mr. Shen, mainly lay in the fact that the Chinese government had shown its determina-

tion to protect property rights and strengthen its crack-down on violations.

Should the US impose sanctions against China because of this matter, its business interests in China would be subject to serious damage, Shen said.

As to US and Japanese accusations concerning China's nuclear testing as well as US condemnation of China's military exercises in the region adjacent to Taiwan, Mr. Shen replied that the number of nuclear tests conducted by the US were a hundred times those of China. One of the important causes of the tension in the Taiwan Strait is that the United States has sold large quantities of advanced weapons to Taiwan.

Mr. Shen said China understood that non nuclear countries had expressed their concern about China's nuclear testing. He, however, noted that such tests were only done for defence purposes.

PRC: Spokesman on Taiwan, Nuclear Issues, IPR Talks

HK1602063496 Hong Kong TA KUNG PAO in Chinese 16 Feb 96 p a2

[Report by staff reporter Ma Ling (7456 3781) from Beijing on 15 February: "Shen Guofang on Tense Situation in Taiwan Strait, Sino- U.S. Intellectual Property Rights Talks"]

[PTS Translated Text for FBIS] Recently the United States has threatened to impose sanctions on China over two issues: One is the issue of intellectual property rights [IPR] protection; and the other is the issue of nuclear weapons technology transfer. Regarding this, Shen Guofang, spokesman of the Ministry of Foreign Affairs, said here today: "If the United States implements sanctions, its business interests in China would be subject to great damage, and such automatic damage is also a counter-sanction in itself [zhe zhong zi dong shang hai de ben shen ye shi dui mei guo de fan zhi cai 6638 4429 5261 0520 0281 1364 4104 2609 6500 0048 2508 1417 5019 0948 4104 0646 0455 5932]."

He stated: "Sino-U.S. relations are improving, and this momentum did not come easily."

On the new round of Sino-U.S. IPR consultations that began on 13 February, Shen Guofang commented: "Both sides believe the consultations are helpful [you yi de 2589 4135 4104]."

With regard to U.S. censure of China's transference of nuclear weapons technology to other countries, Shen Guofang said: "China is a responsible country, it has not transferred technology that is capable of manufacturing nuclear weapons to any other country nor is it possible

[as published] to do so." "China is a non-proliferation signatory. We do not encourage, nor advocate, nor engage in nuclear proliferation." While carrying out cooperation in nuclear power for peaceful use with some countries, "China has strictly observed the three principles of nuclear non-proliferation; and at the same time, accepted the guarantee and supervision of atomic energy organization. We also want to make sure that those projects will not be used to develop any nuclear weapon. Shen Guofang hoped that the United States "will not base its decisionmaking on rumors [dao ting tu shuo di shi qing 6670 8126 6634 6141 4104 0057 1906]." "The United States has already had some experience on that point; we hope that it will draw a lesson from it."

In addition, addressing the recent censure by the U.S. secretary of defense of the Chinese military for being irresponsible in conducting missile launches and military exercises on a large scale, Shen Guofang stated in response: "China has conducted the fewest nuclear tests; whereas the United States has conducted several hundred times more nuclear tests than China. So, isn't it an irresponsible country?" "Back in the 1950's, the international community first called for the signing of a treaty on strictly banning nuclear tests; however, the United States turned a blind eye to it." "Sometimes, out of its own need, the United States will pay no heed to the demands of the international community, nor was its practice justifiable [ta di zuo fa ye shi mai you dao li de 1338 4104 0155 3127 0048 2508 3093 2589 6670 3810 4104]."

Regarding the question of whether or not the Chinese army will conduct war games in the Taiwan Strait, Shen Guofang stated: "No comment," "because there is no way for me to have knowledge of military operations;" "or else, I would be suspected of being involved in spying for military information."

He indicated: "A very important cause of the tense situation in the Taiwan Strait is that fact that the United States has sold large quantities of advanced arms and equipment to that region."

Shen Guofang indicated that China expresses its understanding of the concern of nonnuclear countries over China's conducting nuclear tests. At the same time he said that China conducts nuclear tests out of the demands of national defense.

In respect of Li Teng-hui's recent statement that Taiwan's moves toward the international community was the only way ahead, Shen Guofang, in answering a reporter's question, said: Taiwan is an indivisible part of China, and that is recognized internationally. The Taiwan authorities should consider the whole nation

and give up their attempts to create "two Chinas," or "one China, one Taiwan" or "independence for Taiwan." Should the Taiwan authorities continue the activities of splitting the motherland, they must bear all consequences resulting from this.

PRC: Spokesman Terms Sino-U.S. IPR Talks 'Useful'

OW1502132996 Beijing ZHONGGUO XINWEN SHE
in English 1145 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (CNS) — Representatives from China and the United States exchanged information and briefed each other on the implementation of an agreement on intellectual property rights [IPR] at a meeting held on February 13, Foreign Ministry spokesman Shen Guofang said today.

Mr. Shen noted that the two sides considered the meeting useful.

He stressed that the Chinese government's determination to protect intellectual property rights would remain unchanged.

The spokesman also pointed out that protection of intellectual property rights was complex and that all relevant problems would not be solved in a short period.

China was willing to boost cooperation with foreign governments in this area on the basis of equality, said Mr. Shen.

The Chinese official noted that the protection of intellectual property rights was significant. What has more important, according to Mr. Shen, mainly lay in the fact that the Chinese government had shown its determination to protect property rights and strengthen its crackdown on violations.

Should the US impose sanctions against China because of this matter, its business interests in China would be subject to serious damage, Shen said.

As to US and Japanese accusations concerning China's nuclear testing as well as US condemnation of China's military exercises in the region adjacent to Taiwan, Mr. Shen replied that the number of nuclear tests conducted by the US were a hundred times those of China. He attributed the tense state across the Strait to US arms sales to Taiwan.

Mr. Shen said China understood that non nuclear countries had expressed their concern about China's nuclear testing. He, however, noted that such tests were only done for defence purposes.

PRC: Spokesman Says Diaoyutai Islands 'China's Territory'*OW1502133496 Beijing ZHONGGUO XINWEN SHE in Chinese 1125 GMT 15 Feb 96*

[FBIS Transcribed Text] Beijing, 15 Feb (ZHONGGUO XINWEN SHE) — Shen Guofang, spokesman for the Chinese Foreign Ministry, today stressed that Diaoyutai Islands are China's territory.

He made this remark in answering a Japanese reporter's question on the Japanese side's protest to China against the exploring of a Chinese vessel in the waters near Diaoyutai.

Shen Guofang said: The Chinese vessel was conducting an exploring activity in Chinese waters. This is beyond reproach [zhe shi wu suo fei yi de 6638 2508 2477 2076 7236 6231 4104].

He disclosed: The Chinese vessel has completed its exploring activity and is on its way home. Shen Guofang said: China hopes to settle this problem with Japan through friendly consultations.

PRC: Spokesman's Comments on Nuclear Proliferation Cited*OW1502143996 Beijing ZHONGGUO XINWEN SHE in Chinese 1125 GMT 15 Feb 96*

[FBIS Translated Text] Beijing, 15 Feb (ZXS) — Foreign Ministry Spokesman Shen Guofang today said: China does not advocate [zhu zhang 0031 1728], encourage nor is engaged in nuclear proliferation.

At a routine news briefing of the Foreign Ministry today, a reporter asked: It is reported that the U.S. Government is considering imposing sanctions on China in the light of Central Intelligence Agency evidence that China has sold a ring magnet to Pakistan. How do you comment on this?

Shen Guofang said: China is an accountable country. We have not, and will not, transfer [zhuan rang 6567 6245] equipment or technology to any country for nuclear weapons development. Being a signatory to the nuclear Nonproliferation Treaty, China will scrupulously abide by [ke shou 1870 1343] the international legal obligations, as stated in the treaty, concerning the prevention of proliferating nuclear weapons. China will strictly observe its three principles governing nuclear exports when entering into cooperation concerning the peaceful use of nuclear energy with other countries and will accept the guarantee and supervision [bao zhang jian du 0202 7140 4148 4206] of the International Atomic Energy Agency.

He said: Sino-American relations are improving gradually at present. This has not come easily. Healthy and stable bilateral relations are of fundamental interest to both countries. Should the U.S. side impose unreasonable sanctions on China, this would seriously harm relations between the two countries. It is hoped that the U.S. side not base its decision on hearsay [dao ting tu shuo 6670 8126 6634 6141].

PRC: Official Calls For More Asia-Europe Economic Cooperation*OW1502162296 Beijing XINHUA in English 1553 GMT 15 Feb 96*

[FBIS Transcribed Text] Chiang Rai, Thailand, February 15 (XINHUA) — A senior Chinese official said here today that strengthening of mutual understanding and cooperation between Asia and Europe will be beneficial to world peace and development.

Speaking at the informal meeting of Asian economic ministers, Shi Guangsheng, who is also head of the Chinese delegation, noted that there is a great potential for cooperation between Asia and Europe in the fields of investment and technique transfer.

On China's entry to the World Trade Organization (WTO), Shi said that China has made efforts for return to the General Agreement on Tariffs and Trade (GATT) in the past nine years. China is now qualified for the membership of the WTO, he added.

The Chinese vice minister pointed out that it is unfair for the WTO to keep China outside it and this will not be helpful for the development of the group.

Thai Deputy Prime Minister Amnuay Virawan chaired the meeting which ended this afternoon.

Thailand will draft a summary document for the meeting and present it to the Asia-Europe meeting scheduled for March 1-2 in Bangkok after consulting with Italy which holds the rotating presidency of the European Union.

PRC: Editorial Views ROK, Japan Island Dispute*HK1602080696 Hong Kong WEN WEI PO in Chinese 14 Feb 96 p A2*

[Editorial: "Avoid Escalating Tense Situation in Northeast Asia"]

[PTS Translated Text for FBIS] A recent dispute between the ROK and Japan over claims of sovereignty over Tokdo (Takeshima) has resulted in strained bilateral relations. This has contributed a factor of unrest to Northeast Asia and aroused the concern of all countries in this region.

It is reported that the ROK has ruled this island since 1954, while Japan recently planned to establish a 200-nautical-mile economic zone there. Japan lodged a protest against the ROK's building a wharf in Tokdo (Takeshima) on the grounds that this island and its surrounding waters are a part of Japan's territory. The ROK immediately brushed off Japan's protest, holding that this island is, historically and in the view of international law, an intrinsic part of the ROK's territory. The ROK stated that it will not only continue its construction of the wharf, but will also increase naval and air forces there. The ROK is reportedly to hold military exercises soon in waters near the island. Meanwhile, ROK people held an anti-Japanese demonstration in Seoul. The ROK press have also published articles supporting their government's stand and carried pictures of the ROK national flag fluttering over Tokdo island. As for Japan, a delegation from its ruling coalition parties canceled a planned trip to the ROK. It is understood that new Japanese Prime Minister Ryutaro Hashimoto has scrapped a summit meeting with Korean President Kim Yong-Sam in Phuket [ou ya 2962 0068], Bangkok.

Both Japan and the ROK are sticking to their own arguments over this territory. As it involves both state sovereignty and economic interests, it is hard for the two sides to make concessions on this issue, in which third parties should not meddle. However, if the dispute jeopardizes stability in Northeast Asia, it will seriously affect the situation not only in the ROK and Japan, but in other parts of this region as well. Therefore, both sides should handle their row calmly.

As Northeast Asia is a region in which the interests of China, Japan, Russia, and the United States are interwoven, coupled with the division of the Korean peninsula, any incident that sparks international conflict may set off a regional crisis. Thanks to the efforts of all parties concerned, an agreement was eventually reached to resolve the DPRK nuclear issue, thus easing what was for a time a tense situation in the Korean peninsula and bringing about a relatively stable situation in Northeast Asia.

The DPRK, which was stricken by severe floods last year, is currently seeking aid from the international community, while the Seoul government is making efforts to resolve many internal problems arising in recent years. Despite differences between them, both the North and South of the Korean peninsula share the same stand on the territorial dispute with Japan. Despite the fact that Japan occupied the Korean peninsula for 35 years, its rightist forces have all along refused to acknowledge Japan's colonial rule in the Korean peninsula. In recent years, certain people from Japan's upper strata have

always made statements glorifying its war of aggression in those years, thus drawing harsh attacks from the North and South of the Korean peninsula and from other Asian countries and constantly bringing Japan into conflict with the ROK and the DPRK. Given that Japan has the most advanced armaments in Asia, plus its proximity to the ROK and historical factors, it is not surprising that the ROK has adopted a fairly tough attitude toward Japan. When dealing with its relations and disputes with the ROK and the entire Korean peninsula, Japan should proceed from the pattern of international relations in Northeast Asia in order to avoid provoking the ROK.

Territorial disputes among countries are common in international relations. However, resorting to force is the not best solution and can only trigger more serious conflict. If the territorial dispute between Japan and the ROK results in conflict, it is bound to affect stability in Northeast Asia, upset the strategic balance in this region, and bring about serious consequences. It is hoped that both Japan and the ROK will deal with their territorial dispute calmly and that even if they cannot now sit down together for negotiations, they should not take actions that will escalate their conflict. Instead, they should jointly avoid creating a crisis in Northeast Asia.

United States & Canada

PRC: Wu Yi on China's Reaction to Sanctions

OW1602053696 Beijing ZHONGGUO XINWEN SHE
in Chinese 1247 GMT 15 Feb 96

[Comparative version of a report on PRC Foreign Trade and Economic Cooperation Minister Wu Yi's interview with the FINANCIAL TIMES in London, originally filed from Beijing ZHONGGUO XINWEN SHE in English; explanatory notes describe differences from English version and provide vernacular and STCs for key phrases]

[FBIS Transcribed Text] London, February 15 (ZHONGGUO XINWEN SHE) — China will retaliate [lai er bu wang fei li ye 0171 5079 0008 1766 7236 4409 0048, translated literally as "it is impolite not to reciprocate"] against possible U.S. unilateral sanctions if negotiations on intellectual property rights now underway in Beijing end up failure.

In an interview with FINANCIAL TIMES, the Chinese Minister of Foreign Trade and Economic Cooperation, Wu Yi, said that the Chinese people were fond of peace and were not willing to wage [bu yuan fa dong 0008 1959 4099 0520] a commercial war.

However, Ms. Wu noted that should an offensive be launched against China, her country would use counter-attack as its defense [chu yu zi wei wo men ye yao fan

ji 0427 2456 5261 5898 2053 0226 0048 6008 0646 2345].

The minister noted that the U.S.\$1 billion hit list suggested by the U.S. against Chinese products would be answered by a Chinese hit list with a greater value [gao yu shi yi mei yuan 7559 2456 0577 0310 5019 0337; ZHONGGUO XINWEN SHE English version reads "hit list with the same value"].

Ms. Wu was convinced that the Chinese Government was serious in performing its undertakings of the Sino-American memorandum on intellectual property rights and that the law enforcement in respect of it was effective.

She added that violation of intellectual property rights could not be totally eliminated in the near future; such violations were not something new, even in developed countries.

The minister said that the most effective measure against property rights infringement lay in enhanced cooperation.

She noted that unilateral accusations against China, and even a threat of trade retaliation, did not favor further cooperation between China and the U.S., nor were they a solution to the problem.

On the question of whether the U.S. would endorse most-favored nation status for China, Ms. Wu said that MFN status was of mutual benefit rather than some special benefit given by one side to the other.

China would not be the only victim in case of cancellation of its MFN status. She noted that the U.S. had also to pay a price as U.S. investment in China already exceeded U.S.\$9 billion.

The Chinese minister hoped the two governments and business communities of the two countries, as well as Hong Kong's businessmen, would join together to settle the MFN problem.

PRC: Beijing Envoy Says Sino-U.S. Ties Should Be Normal, Stable

*OW1602085496 Beijing XINHUA in English
0843 GMT 16 Feb 96*

[FBIS Transcribed Text] United Nations, February 15 (XINHUA) — Qin Huasun, China's envoy to the United Nations, said today that China and the United States should establish "a normal, stable and constructive relationship."

He made the remarks when briefing U.S. business leaders on China's economic reform, the policy of opening-up to the outside world and Sino-U.S. relations.

Qin said the Sino-U.S. relationship should be viewed and handled from a strategic perspective.

"To do this, we should first strictly observe the three Sino-U.S. Joint Communiqués; secondly, respect each other, seek common ground while putting aside differences and treat each other as equals; and thirdly, handle the question of Taiwan with prudence," he said.

China believes that the maintenance and development of a normal and sound relationship between the two countries not only conform to the fundamental interests of the two peoples, but also contribute to the maintenance of peace and stability in the Asia-Pacific region and the world as a whole, the Chinese envoy said.

Qin said the United States is the largest developed country in the world while China is the largest developing country.

"The strong complementarity between our two countries, each with its own advantages in natural and human resources, promises a broad prospect for our economic cooperation," he said.

PRC: Editorial on U.S. Aim in Exerting Pressure Over IPR

*HK1602080596 Hong Kong WEN WEI PO in Chinese
16 Feb 96 p A2*

[Editorial: "What Is U.S. Aim in Exerting Pressure on Intellectual Property Rights?"]

[PTS Translated Text for FBIS] China and the United States yesterday concluded the 17th round of talks on the implementation of the agreement on protecting intellectual property rights [IPR]. On the eve of the meeting, the U.S. side launched a propaganda offensive, censuring China for not working hard enough to crack down on piracy activities and saying that the U.S. side had lost over \$800 million in IPR and that it would impose trade sanctions against China by levying a 100 percent tariff on \$1 billion worth of Chinese export products.

The United States annually uses the Super 301 Clause to blackmail its trade adversaries, forcing them to open up their markets and grant the United States more business interests.

A U.S. official claimed that the Chinese side had not completely made good its promise to close down the plants producing videotapes, compact discs, and computer software and therefore the United States would raise tariffs for China to make up for the piracy-caused losses. Moreover, the United States has also prevented China from joining the General Agreement on Tariffs and Trade [as published] in retaliation. The

U.S. official also conceded that the Chinese Government had seized large quantities of fake or pirated audio-video products and computer products and closed down many illegal video compact disc [VCD] parlors. However, in the view of the U.S. side, China has made these efforts for the sake of wiping out pornographic products rather than "cracking down on piracy." By making such an unwarranted charge, it can be said that if the U.S. side is out to condemn you, it can always trump up a charge.

The U.S. charge is unreasonable. In the world today, piracy activities exist in industrial and developing countries despite repeated attempts to ban them. The United States spares no effort to crack down on piracy activities, but there were IPR violations involving \$1.6 billion in the United States last year. Recently the Hong Kong customs seized, from a Hong Kong-bound airliner flying from Los Angeles, tens of thousands of pirated VCDs, which it was originally planned would be smuggled into and sold on the Chinese mainland. For various reasons, such as backward economies, people's poor purchasing power, incomplete laws, insufficient equipment, and shortage of personnel, there are also pirated goods in developing countries. This is not because the governments lack the resolve to crack down on piracy or have not adopted firm enough measures. Moreover, some businessmen from other places have made lots of money from copyright violations but they want other local industrial products and businessmen doing business according to the law to suffer and be penalized. This is also quite unfair. On what legal principle has the United States based itself to penalize innocent businessmen in this way? Maybe the United States cannot explain it clearly. If other countries penalize U.S. goods in the same way, will it be acceptable to the United States?

The U.S. side has also lacked self-knowledge in making a great issue of the implementation of the IPR protection agreement. In the agreement, the U.S. side has promised to help the Chinese side distinguish, investigate, and seize pirated copies, computer products, and audio-video products, train personnel for the Chinese side, and provide the relevant advanced equipment, but the U.S. side has not implemented the agreement, making it impossible for China to attain better results for its efforts. The United States should not have persistently played up individual phenomena while negating efforts on the Chinese part to crack down on copyright violations and piracy activities. The Chinese side has adopted specific measures and sent people to monitor production at compact disc factories to ensure there are no piracy production activities. It is unreasonable on the part of the United States to ignore China's efforts. If the U.S. side provides conclusive

evidence, the Chinese side will take immediate action, but if the United States does not provide evidence, how can it explain that its criticism has a basis?

By wielding the Super 301 Clause, the United States has nothing more in mind than serving the purpose of opening the Chinese market and raking in more profits. The United States has consistently said that it suffers a trade deficit of \$35 billion according to its calculations, but this is highly exaggerated because the U.S. side has included on the Chinese side the three kinds of imports processing and compensation trade by Taiwan, Hong Kong, and American businessmen and the entrepot trade profits made by Hong Kong and Taiwan businessmen in transshipping goods. According to China's statistics, it enjoys a trade surplus of only \$8.5 billion. With the Sino-U.S. trade volume amounting to a mere \$40.8 billion, isn't such a trade deficit a highly inflated figure? In recent years China has substantially lowered tariffs for some 4,000 kinds of imported goods and dismantled nontariff barriers for 170 kinds of commodities. It is now much easier for American commodities to enter the Chinese market and China also intends to purchase U.S. equipment. But the United States has instituted a policy of banning the export of high-tech products to China, making it impossible for U.S. businessmen to do business. Herein lies the crux of the U.S. trade deficit. By shifting the responsibility for the deficit onto China, the United States has shifted the blame onto others.

In fact, the act of exerting economic pressure is entirely an outcome of politics in U.S. general elections. To win re-election, President Clinton has to deliberately assume the posture of being tough toward and containing China. Clinton took office four years ago by attacking Bush for not being tough enough in dealing with China. Today, the offensive weapon has been copied and pirated by the Republican Party. Unable to accuse the Republican Party of "copyright violation," Clinton has taken preemptive measures lest he should be attacked by the Republican Party. Trade Representative Kantor was Clinton's campaign manager some years ago. He is naturally familiar with the tricks and campaign tactics of various politicians, and so he vigorously favors exerting pressure on China on trade for the sake of the general elections. Of course, in a bid to secure donations and support votes from California's computer groups, it is also necessary to open China's door for the audio-video and computer consortiums because this will also help Clinton's re-election bid.

If the United States exerts pressure, China will certainly retaliate. Minister Wu Yi pointed out that if the United States imposes sanctions on China, China will give tit for tat. In dealing with trade issues, China and the United States should apply the method of negotiations

and the method of mutual economic benefit. It is hoped that the U.S. side will calmly handle the overall trade situation well so that Sino-U.S. relations can develop still further.

Northeast Asia

PRC: Minister on Boosting Economic, Trade Ties to ASEAN

OW1602092396 Beijing XINHUA in English
0814 GMT 16 Feb 96

[FBIS Transcribed Text] Beijing, February 16 (XINHUA) — The development of economic and trade co-operation between China and Southeast Asia will accelerate this year, a senior Chinese official announced today.

Xie Ruixia, deputy director of the Asian Affairs Department of China's Ministry of Foreign Trade and Economic Co-operation, made the remark in a recent interview with XINHUA.

She said the acceleration was based on an increase in trade last year between China and member countries of ASEAN, the Association of Southeast Asian Nations.

She said that the total trade volume last year between China and ASEAN member countries, including Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, hit 19.48 billion U.S. dollars.

The figure represents a 41 percent rise over the previous year, which is much higher than the 20 percent increase rate of China's foreign trade. A balance between imports and exports was also reached.

China's export mix to ASEAN countries was further optimized last year with more steel and mechanical products and electronic items shipped, instead of traditional textiles, other light industrial products, cereals, edible oils and local products.

Most of China's imports from the ASEAN area were primary products such as crude oil, grains, sugar and plywood.

During the first nine months of last year, the ASEAN countries invested 1.7 billion US dollars in China. Singapore was listed fifth among the biggest of all foreign investors in China.

Meanwhile, the focus of China's labor service and project engineering shifted from the Middle East to the ASEAN, mainly in Singapore.

Xie held that with political stability and better investment environment, Asian countries have enjoyed a continuous economic rise in the past few years and eco-

nomie activities inside Asia have become more vigorous.

She concluded that the economic and trade co-operation between China and the ASEAN will maintain its strong momentum this year.

She pointed out that China's rapid economic development has made important contributions to economic activities inside Asia, and China needs a peaceful international environment to build the country.

She continued that China abides by the four principles voiced by Chinese Premier Li Peng in 1988 during his visit to Thailand concerning the establishment, restoration and development of relations between the Chinese Government and the ASEAN, that is, in state-to-state relations, China strictly observes the Five Principles of Peaceful Co-existence; under any circumstances, China opposes hegemonism; in economic relations, China upholds equality, reciprocity and mutual development; and in international affairs, China advocates independence, self-determination, mutual respect, close co-operation and mutual support.

PRC: XINHUA Reports ROK To Donate Goods to Quake Victims

OW1502101796 Beijing XINHUA in English
0912 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — The government of the Republic of Korea (ROK) has decided to donate 200,000 US dollars in relief goods to the earthquake-hit area in China's Yunnan Province, according to the ROK embassy here today.

Several days ago, the ROK government donated 100,000 US dollars to Yunnan Province.

It is learned that the ROK embassy here is now discussing with the Chinese Ministry of Civil Affairs on what kind of and amount of materials the quake-hit area badly needs.

Southeast Asia & Pacific

PRC: Li Tieying Receives Cambodian Delegation 12 Feb

OW1202132796 Beijing XINHUA in English
0946 GMT 12 Feb 96

[FBIS Transcribed Text] Beijing, February 12 (XINHUA) — Li Tieying, member of the Political Bureau of the Central Committee of the Chinese Communist Party (CPC) met here this afternoon with a delegation of the Cambodian People's Party (CPP) headed by member of the Standing Committee of the Party's Central Committee Nguon Nhel.

Speaking highly of the traditional friendship between the two countries and the people of the two countries, Li, who is also Chinese State Councillor, said that since the Government of the Kingdom of Cambodia was set up, bilateral relations have entered a new era.

He said he is convinced that the delegation's current visit to China is to push forward the friendly exchanges between the two parties and make contributions to the development of bilateral friendly relations and cooperation.

Nguon Nhel said that China's great achievements in its reform and opening-up drive have deeply impressed the delegation, and the CPP will make efforts to promote the friendly relations between the two countries.

This is the first CPP delegation to visit China.

The delegation arrived here February 8 at the invitation of the CPC.

Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, held talks with Nguon Nhel and hosted a banquet in honor of the delegation February 9.

PRC: CPPCC Chairman Li Ruihuan Receives Sihanouk

*OW1502144596 Beijing XINHUA in English
1423 GMT 15 Feb 96*

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — Li Ruihuan, chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, met here today with Cambodia's King Norodom Sihanouk and Queen Norodom Monineath Sihanouk.

Li said that with China's Lunar New Year rapidly approaching, he, on behalf of Chinese President Jiang Zemin, Chinese Premier Li Peng, and Chairman of the National People's Congress Standing Committee Qiao Shi, he would like to extend greetings to the king and queen, and welcomed them to celebrate the festival with the Chinese people.

King Sihanouk is here for a routine medical check-up.

During the meeting Li noted that Sino-Cambodian friendship was co-established by China's veteran leaders and King Sihanouk himself, and the ties have endured many tests. China's third-generation leaders, with Jiang Zemin at the core, will further the bilateral ties jointly with the efforts of the Cambodian side, Li said.

Li described his visit to Cambodia last December as a success, and extended his thanks for the cordial reception given him then by King Sihanouk, and the Cambodian parliament and government.

Sihanouk said that the people of the two countries enjoy a long-term traditional friendship, and the Cambodian people have been and are still being helped and supported by the Chinese Government and people. The Cambodian people will forever stand side by side with the Chinese people, he added.

He cited Li's last visit to Cambodia as an important event in the history of bilateral ties, which spurred the development of Cambodian-Chinese friendly relations.

Li also expressed thanks for Sihanouk's donation to China's earthquake victims in Yunnan Province.

PRC: Sino-Vietnamese Railway Resumes Operation

*OW1402142096 Beijing XINHUA in English
1353 GMT 14 Feb 96*

[FBIS Transcribed Text] Pingxiang, GUANGXI, February 14 (XINHUA) — A ceremony was held today in the border town of Pingxiang, Guangxi Zhuang Autonomous Region, to mark the re-opening of Sino-Vietnamese rail links.

Cross border traffic was suspended in 1978.

Deputy Chinese Foreign Minister Tang Jiaxun and Vietnamese Vice-Foreign Minister Vu Khoan, as well as top Chinese and Vietnamese railway officials attended the ceremony, which was presided over by the governors of Guangxi and Vietnam's Lang Son Province. After the ceremony, Tang met with the vice-foreign minister in Lang Son city to exchange views on bilateral relations.

Chinese Ambassador to Vietnam Li Jiazhong and Vietnamese Ambassador to China Dang Nghieng Hoang also attended the ceremony.

A railway line that links southwest Yunnan Province with the neighboring Vietnamese province also resumed operations this morning.

The Yunnan provincial government and the Ministry of Railway have invested 30 million in renovation and extension work on part of the railway. Its handling capacity is expected to increase to five million tons annually from the current 1.5 million tons.

West Europe

PRC: Zhu Rongji Addresses Asia-Pacific Economic Commission

*OW1402130596 Beijing XINHUA Domestic Service
in Chinese 1120 GMT 13 Feb 96*

[FBIS Translated Text] Frankfurt (Germany), 12 Feb (XINHUA) — At a luncheon given in Frankfurt by the Asia-Pacific Economic Commission of Germany

on 12 February, Vice Premier Zhu Rongji made an important speech entitled "The Economic Situation in China and Sino-German Relations," in which he pointed out that there were broad prospects for Sino-German cooperation and that the two countries should continue efforts to push forward their cooperation for the benefit of the peoples of the two countries.

Zhu Rongji spoke of China's great achievements in economic development scored since the introduction of the reform and open policy. In recent years in particular, he said, the Chinese people, under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, have achieved marked progress in various areas that have attracted world attention by adhering to the Comrade Deng Xiaoping theory of building socialism with Chinese characteristics and adhering to the reform and open policy. By correctly handling the relationship between reform, development and stability and by carrying out a major reform in the finance, taxation, banking, foreign exchange, and foreign trade systems, China was able to maintain the rapid, sustained, and healthy development of the national economy.

Currently, China enjoys political and social stability. The economic situation in China is good, and the Chinese people are quite confident of their motherland's future.

Zhu Rongji said: China's economic development and successful reform have provided a favorable condition for Sino-German economic and trade cooperation. At present, Sino-German relations are developing satisfactorily. President Jiang Zemin and Premier Li Peng visited Germany last year and the year before last year respectively, and Chancellor Kohl visited China last year. These visits were successful and have furthered mutual understanding and further pushed forward the development of relations between the two countries.

Take economic and trade cooperation for example. At present, Germany is China's largest trade partner in Europe. Last year, bilateral trade reached \$13.7 billion, about one third of China's trade with the European Union. Germany is one of the important countries from which China imports technology and equipment. In recent years, many large German enterprises have continued to increase investment in China, and many successful cooperative enterprises have been set up by China and Germany. Medium and small German enterprises have become more enthusiastic in entering into cooperation with China.

Zhu Rongji said: The purpose of his current visit to Germany is to further promote the results of mutual visits by high-ranking leaders of the two countries and push forward bilateral friendly and cooperative relations in

the fields of politics, economy, and trade. During the visit, he had a thorough exchange of views with German Government officials on bilateral relations and major international issues, and broad consensus was reached between him and German officials. Both sides agreed that China and Germany are big countries having an important influence on the international community. There are no problems left over by history and no conflicts of fundamental interests between them. On the contrary, many common interests exist between the two countries. Both sides have a lot in common on many major international issues. Both sides have stressed that bilateral relations should be treated and handled with insight and vision and that they should, with the 21st century in mind, work together to foster Sino-German relations of friendship and cooperation that will remain stable for a long time to come. This conforms to the fundamental interests of the peoples of the two countries and is conducive to promoting world peace, stability, and development. Both sides maintained that Chinese and German economies are strongly complementary and have great potential for cooperation. Both sides agreed to further adopt concrete measures in cooperation among medium and small enterprises, professional training, high-tech, construction of infrastructural facilities, and other areas so as to promote the development of bilateral cooperation. Zhu Rongji said during the visit, he achieved positive results in holding talks with people from Germany's economic circles to discuss cooperative projects.

Zhu Rongji said in conclusion that despite his short visit, the expected goals were reached, adding he was deeply impressed by the strong desire of the German Government and people of various circles for developing mutually beneficial cooperation between the two countries and that he was deeply moved by the German people's profound friendship toward the Chinese people. He noted that there are broad prospects for Sino-German cooperation and urged the two countries to make continued efforts to push forward cooperation for the benefit of the peoples of the two countries.

Zhu Rongji answered some questions raised at the luncheon. He visited the State of Bavaria from 10 to 11 February. During the visit, he met with (Stoibul), prime minister of the Bavaria Government, visited the headquarters of Siemens and (Anlian) Insurance Company and met with key officials from Audi and BMW. Accompanied by Spranger, the federal minister for economic cooperation, and Boetsch, the federal minister for post and telecommunications, Zhu Rongji visited Rothenburg and Wurzburg. Zhu Rongji was also interviewed by a reporter of the COMMERCIAL TIMES of Germany. On 12 February, Zhu Rongji met

with (Paier), prime minister of the Rhineland-Palatinate Government, and visited (Pasifu) Company.

Vice Premier Zhu Rongji and his party left Frankfurt for home on the evening of 12 February after successfully completing his official visit to Germany.

**PRC: Wu Yi Criticizes EU for Protectionism
Against PRC Products**

*OW1602014396 Beijing ZHONGGUO XINWEN SHE
in English 1330 GMT 15 Feb 96*

[FBIS Transcribed Text] London, February 15 (CNS) — Chinese Foreign Trade Minister Wu Yi today said Britain, as a key member of the European Union, should do away with the tough stance on protectionism against Chinese products and actively support China's accession to the World Trade Organisation.

Speaking to the **FINANCIAL TIMES**, Ms. Wu said: "The EU is China's fourth largest trading partner with a bilateral turnover of US\$40.3 billion and 1995 actual investment of US\$5.3 billion in China. As far as bringing modern technology into China, the EU plays a leading role in this regard, ahead of the USA and Japan."

However, the outspoken Wu was quick to criticise EU quotas respecting [as received] seven major categories of China products. She said it was a biased and protective action that not only violated the preferences extended by the EU to China but was also out of tune with the WTO's objectives.

"EU investigations into dumping complaints have posed serious barriers to further economic and trade development between the EU and China. China has always been against the practice of dumping, as an unfair means of competition; but it also firmly opposes certain countries to promote protectionism in the name of anti-dumping and discriminate against others."

Repeating China's stance on joining the WTO, Ms. Wu made it clear that "the timing is not for China to decide but for certain existing member countries. We can only undertake to do the best we can commensurate with the speed of our economic development rather than attempt the unrealistic."

Ms. Wu further said that: "Apart from slashing import tariffs by a large margin with effect from the first of April, China will also make further economic reforms in line with international practice and our own time-table. China is pleased to pursue further negotiations with the other countries and will demonstrate a high degree of flexibility during the dialogue. However, this does not mean that we will sacrifice our fundamental benefits just for the sake of joining the WTO."

**PRC: Anniversary of Sino-Austrian Ties
Celebrated in Austria**

*OW1602054296 Beijing XINHUA in English
0155 GMT 16 Feb 96*

[FBIS Transcribed Text] Vienna, February 15 (XINHUA) — A Chinese delegation is in Austria to attend activities marking the 25th anniversary of the establishment of Sino-Austrian diplomatic relations and the founding of the Austrian-Chinese Friendship Association (ACFA).

The delegation, headed by Zhu Liang, deputy president of the Association for International Understanding of China and director of the National People's Congress Foreign Affairs Committee, arrived in Austria last Friday for a week-long goodwill visit.

During the visit, Zhu met with President of the Austrian National Council Heinz Fischer, Defence Minister Werner Fasslabend and former Deputy Prime Minister and Foreign Minister Alois Mock.

They discussed the development of Sino-Austrian relations, the current world situation and other issues of common concern.

The two sides also expressed their hope for further cooperation in various fields.

At the invitation of the ACFA, the delegation also visited Salzburg, Upper Austria and Carinthia. It will leave Austria Saturday.

**PRC: Finland Offers Aid to Yunnan Earthquake
Victims**

*OW1602063096 Beijing XINHUA in English
0148 GMT 16 Feb 96*

[FBIS Transcribed Text] Helsinki, February 15 (XINHUA) — The Finnish government has offered 150,000 markka (about 33,000 U.S. dollars) to victims of this month's earthquake in Yunnan Province in southwest China, a local news agency said here today.

The humanitarian aid, which was sent to China through the United Nations, will help the refugees to buy daily necessities such as clothes, blankets, tents, medicines and food.

An earthquake measuring seven on the Richter scale hit parts of Lijiang and Zhongdian counties in Yunnan Province on February 3, killing 304 people and injuring 3,775.

By February 9, overseas aid to the earthquake-stricken area had totaled 1.7 million dollars.

PRC: Portuguese Foreign Minister Meets With Chinese Counterpart*BR1502143396 Lisbon DIARIO DE NOTICIAS in Portuguese 14 Feb 96 p 8*

[Unattributed report: "Take Europe to Beijing"]

[FBIS Translated Text] Jaime Gama, the first member of Antonio Guterres' government to visit Beijing, stressed yesterday that the new Portuguese Government "wishes to develop excellent relations with China," including at the economic level.

On the second day of his visit to Beijing the Portuguese foreign minister also sought to "enhance Portugal's role as a member of the EU," and showed himself determined to "contribute to a good relationship between the EU and China."

At a two-hour meeting with his Chinese counterpart, Qian Qichen, Jaime Gama stressed the importance of the first summit between the EU, the ASEAN countries, China, Japan, and South Korea which will take place in Bangkok at the beginning of March.

A Portuguese source cited Jaime Gama as having asserted that "China should enhance relations with the EU and not concentrate on its relations with the United States."

On the subject of Macao the official Chinese news agency stressed that the two ministers agreed to accelerate the work of the Portuguese-Chinese Joint Liaison Group — the body charged with monitoring the territory's transition.

Qian Qichen expressed satisfaction at the progress made in some areas of the Macao transition process, but deemed necessary "greater efforts to resolve some difficult problems," the agency said, without specifying them. In addition, he said that China is willing to increase its imports from Portugal and Jaime Gama expressed the desire for Portuguese companies to increase their presence in that market "through Macao or participation in joint enterprises."

Portuguese-Chinese trade, which totaled 26.4 billion escudos in the first nine months of 1995, is deemed to fall far short of the good political relationship between the two countries.

In addition to Qian Qichen, who is also a deputy prime minister and member of the CPC Politburo, Jaime Gama met with Lu Ping, director of the Council of State's Office for Hong Kong and Macao Affairs.

Gama meets today with Jiang Zemin, Communist Party secretary general and president of the republic, and

with the chairman of the Chinese People's Consultative Political Conference.

The program also includes visits to some of Beijing's tourist attractions, including the Forbidden City.

PRC: Portuguese Foreign Minister Meets Press in Beijing*OW1502095796 Beijing XINHUA in English 0945 GMT 15 Feb 96*

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — Portuguese Foreign Minister Jaime Gama expressed the hope in Beijing today that Portugal-China cooperation would be expanded and strengthened.

Answering questions at a press conference here this afternoon, the visiting foreign minister said the cooperation between Portugal and China is "going on smoothly" and Portugal hopes that such cooperation will be expanded.

He told the media that he "obtained the same information from the Chinese leaders."

Gama added that he hopes the friendly relations and cooperation between the European Union and China would be steadily developed.

Speaking on the issues concerning the transitional period of Macao, the foreign minister said the work of the Sino-Portuguese joint liaison group should be strengthened.

As the year 1999, the end of Macao's transitional period, is drawing near, he said, it is necessary for Portugal and China to have more positive and constructive dialogues to bring progress to various issues during the transitional period.

The foreign minister held that the successful transition of Hong Kong and Macao will play important roles in strengthening the political, economic and cultural ties between Europe and China.

PRC: Portuguese Foreign Minister Departs 15 Feb*OW1502083496 Beijing XINHUA in English 0805 GMT 15 Feb 96*

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — Portuguese Foreign Minister Jaime Gama left here for home today after winding up his four-day official visit to China.

During this trip, he met with Chinese President Jiang Zemin, Vice-Premier and Foreign Minister Qian Qichen, Director of the Hong Kong and Macao Affairs Office of the State Council Lu Ping and other ranking officials.

At a press conference before departure, Gama described his talks with Chinese leaders as "positive," and said both sides have agreed to further expand bilateral relations.

The Macao issue featured high on the agenda of his China tour. Gama pledged continued Portuguese cooperation with the Chinese side in the run-up to 1999 when China will resume its exercise of sovereignty over Macao.

Gama arrived here on Monday at the invitation of Qian Qichen.

PRC: Official Hails Sino-Portuguese Cooperation on Macao

*OW1502122896 Beijing XINHUA in English
1208 GMT 15 Feb 96*

[FBIS Transcribed Text] Macao, February 15 (XINHUA) — China and Portugal have been cooperating well on the Macao issue and Macao achieved marked progress last year, a senior Chinese official said here today.

Wang Qiren, director of the XINHUA NEWS AGENCY Macao Branch, told reporters at a gathering celebrating

the Chinese lunar new year that Macao witnessed a year of stable growth in 1995.

With effective cooperation between China and Portugal, Macao International Airport was completed and inaugurated last year while the Bank of China started issuing Macao currency.

In addition, progress has been made in the localization of law and civil servants and the using of Chinese as an official language in Macao, he said.

The director also listed other achievements made through the joint efforts of China and Portugal, which include the further promotion of the Basic Law of Macao and the successful visit to China by Portuguese President Mario Soares.

He said that the year 1996 would be an important one in the transition of Macao, as much work has to be done to maintain a stable transition.

"We hope and believe that, with further cooperation between China and Portugal based on the Sino-Portuguese Joint Declaration, all problems in the transition period will be solved properly," Wang said.

Political & Social**PRC: Li Peng 'State of Nation' Address To Include 9th 5-Year Plan***HK1602053196 Hong Kong SOUTH CHINA MORNING POST in English 16 Feb 96 p 7*

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] Premier Li Peng will appeal to the regions and enterprises to heed central orders in his government work report to be delivered to the National People's Congress on March 5.

In his annual "state of the nation" address, Mr Li will also emphasise "boosting spiritual civilisation" and observing the political line of the party leadership with President Jiang Zemin at its core.

A top team of advisers and economists under Mr Li and Executive Vice-Premier Zhu Rongji is finalising the report after last-minute recommendations from politicians and intellectuals.

In his work report, Mr Li will present the leadership's final recommendations for the Ninth Five-Year Plan (1996-2000) and the long-term economic blueprint of 1996-2010.

A source said Mr Li would specify an annual growth rate of eight to nine per cent for the rest of the decade. This year's inflation will be kept at 10 points or lower.

The source said the central leadership had taken heart from the fact inflation for last month dropped to 7.6 per cent.

But Mr Li will emphasise that in spite of signs the economy is about to achieve a soft landing, Beijing will stick to a strict programme of "macro-economic adjustments and controls".

And the tight-money policy, which started in mid-1993, would only be slightly relaxed and only on a selective basis.

Mr Li and Mr Zhu recently decried to regional leaders what they see as new signs of local administrations and enterprises disregarding fiscal discipline by laying down unrealistically ambitious development plans.

Mr Li is expected to stress that only priority areas — including agriculture, infrastructure and large-scale enterprises that have earning potential — will benefit from the strategic relaxation of state credit.

More investment will also be made in central and western provinces to lessen the gap between eastern and western China.

Unlike his addresses to the congress over the past few years concentrating on economic issues, at least half

of Mr Li's report this year will be devoted to political and social issues. He is expected to follow Mr Jiang's repeated demands that cadres of all levels "attach the utmost importance to politics".

He will point out spiritual civilisation, a code word for orthodox values such as collectivism and patriotism, is as important as economic development.

With the impending arrival of the post-Deng Xiaoping era, Mr Li will underscore the imperative of stability and law and order.

In spite of the tight-money policy, since the winter Mr Li has authorised emergency payouts to workers in state factories, many of whom are owed months of salary.

On Taiwan policy, Mr Li will repeat Beijing's determination to use whatever means available to achieve national unification.

A stiff warning will be served on Taiwan President Lee Teng-hui's alleged attempt to seek independence for the island.

On relations with the United States, Mr Li will emphasise Beijing's willingness to promote economic and other ties, providing Washington stops abetting Mr Lee's "flexible diplomacy".

PRC: Reports on Central Leadership Activities 8-13 Feb*OW1602061896*

[FBIS Report] PRC media monitored by Okinawa Bureau from 8 February to 13 February carried the following reports on PRC Central leadership activities. The source is noted in parentheses after each report.

Jiang Chunyun Sends Delegation to Shaanxi Flood-Stricken Areas — A delegation headed by Niu Maosheng, deputy director of the National General Headquarters for Flood Prevention and Drought Control and minister of water resources, made a "special trip" to Shaanxi's Dali County from 7-8 February to inspect flood-stricken areas along the Huang He and express sympathy for the flood victims. The delegation was sent by Jiang Chunyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council. (Beijing XINHUA Domestic Service in Chinese 1459 GMT 8 Feb 96)

Peng Peiyun Addresses National Traditional Chinese Medicine Meeting — Speaking at a national meeting of directors of traditional Chinese medicine departments and bureaus in Beijing on 9 February, State Councillor Peng Peiyun underscored the importance of traditional Chinese medicine in preventing and curing diseases

in rural areas. She also called for proper guidance in promoting the international use of traditional Chinese medicine and for stricter regulation of markets for herbal medicines. (Beijing XINHUA Domestic Service in Chinese 0738 GMT 9 Feb 96)

Chi Haotian Visits Late Model Cadre's Adopted Children — The adopted children of the late model cadre Kong Fansen visited Beijing from 7 to 9 February. Chi Haotian, vice chairman of the Central Military Commission, state councillor, and defense minister, and Zhang Qianjing, director of the CPC Central Committee Organization Department, visited the children during their stay in Beijing. (Beijing XINHUA Domestic Service in Chinese 1013 GMT 9 Feb 96)

Wen Jiabao, Song Jian Attend National Science Promotion Meeting — The national meeting on promoting scientific knowledge concluded in Beijing on 9 February. Speaking at the meeting, Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, called for "conscientious" efforts to carry out the following six "practical" tasks: "Popularizing advanced, practical farming techniques; helping the poor through science and technology; organizing enterprise workers to carry out activities aimed at 'fostering ideals, studying science and technology, and encouraging competition in making contributions'; carrying out activities that promote science in the cities and paying attention to building relevant facilities; encouraging newspapers and television and radio stations to run special columns and programs designed to promote scientific knowledge; and guiding and teaching people to respect science and adopting popular science promotion methods to provide scientific explanations for natural and social phenomena of popular interest to help people understand natural and socioeconomic laws, embrace science, eradicate superstition, oppose pseudoscience, embrace civilization, overcome ignorance, and resist the corrosive influences of decadent ideas." Song Jian, state councillor and minister in charge of the State Science and Technology Commission, attended the closing ceremony. (Beijing XINHUA Domestic Service in Chinese 1214 GMT 9 Feb 96)

Jiang Chunyun, Wen Jiabao, Chen Junsheng Stress Orderly Distribution of Farm Materials — Jiang Chunyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council; Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat; and State Councillor Chen Junsheng on 10 February heard briefings by eight inspection teams sent by the State Council to 14 provinces and autonomous regions to gather information on the

distribution of chemical fertilizers. After the briefings, they emphatically pointed out: "We should take decisive measures to resolutely overhaul the distribution of chemical fertilizers and agricultural means of production, reduce intermediary links, abolish unreasonable charges, ensure quality, and keep prices stable in order to inspire and preserve the initiative of hundreds of millions of peasants in production." (Beijing XINHUA Domestic Service in Chinese 0842 GMT 10 Feb 96)

Jiang Chunyun Expresses Sympathy for Snowstorm Victims — Severe snowstorms recently hit Qinghai's Yushu Zang Autonomous Prefecture and Sichuan's Garze Zang Autonomous Prefecture. Jiang Chunyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council, telephoned provincial leaders to express his sympathy for party committees and governments at all levels and people in disaster-stricken areas and urged them to do a good job of carrying out disaster relief operations. (Beijing XINHUA Domestic Service in Chinese 1204 GMT 10 Feb 96)

Peng Peiyun Attends Population Control Award Ceremony — Peng Peiyun attended the second population control award ceremony in Beijing recently. (Beijing XINHUA Domestic Service in Chinese 0920 GMT 11 Feb 96)

Li Tieying Attends Asian Winter Games Closing Ceremony — A ceremony to mark the end of the Asian Winter Games was held in Harbin, Heilongjiang on 11 February. Li Tieying, member of the CPC Central Committee Political Bureau and state councillor, attended the ceremony. (Beijing XINHUA Domestic Service in Chinese 1219 GMT 11 Feb 96)

Xie Fei Meets Envoys From Nine Countries — Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial CPC Committee, met with the consuls and consul generals of Poland, Australia, the United States, Thailand, Japan, Germany, Malaysia, Vietnam, and Canada in Guangzhou on 11 February. Saying that Guangdong will make further efforts to improve its investment environment by promoting clean government and strictly enforcing intellectual property rights protection policies, Xie Fei said: "The promulgation of China's policies on adjusting tariffs on raw materials and other things hopefully will not affect the inflow of foreign funds too much." (Beijing XINHUA Hong Kong Service in Chinese 1422 GMT 11 Feb 96)

Qiao Shi, Xie Fei Visit Experimental Farm in Guangzhou — On 11 February, Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the National People's

Congress Standing Committee, accompanied by Xie Fei, member of the CPC Central Committee Political Bureau and Guangdong Provincial Party Committee secretary, visited a demonstration farm in Guangzhou city. Qiao Shi said that this farm was producing social and economic returns and that this would be progressively implemented throughout the country. (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 12 Feb 96)

Jiang Zemin, Li Peng Inscribe for Book on Chinese Education — Jiang Zemin, general secretary of the CPC Central Committee, and Premier Li Peng recently wrote inscriptions for a book titled "An Atlas of Chinese Education." Jiang Zemin's inscription says: "Hoping that the publication of this atlas will help everyone to understand the history and current situation of China's education and will truly establish a mindset of developing the country through science and education." Li Peng wrote in his inscription: "'An Atlas of Chinese Education' will contribute to the development of the cause of education." (Beijing ZHONGGUO XINWEN SHE in Chinese 0859 GMT 12 Feb 96)

Song Jian Attends New Year's Tea Party — The Chinese Academy of Engineering held a lunar new year's tea party in Beijing on 12 February. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, attended the tea party. (Beijing XINHUA Domestic Service in Chinese 0923 GMT 12 Feb 96)

Jiang Chunyun, Hebei Party Secretary Visit Old Party Members — Jiang Chunyun, CPC Central Committee Political Bureau and Secretariat member, and State Council vice premier, on 12 February visited the masses in the Taihang Shan old revolutionary area. From 11 to 12 February, leading a delegation from relevant State Council and CPC departments and accompanied by Cheng Weigao, Hebei provincial party committee secretary, Jiang Chunyun visited people in old revolutionary areas in Yixian county. While meeting one 74-year-old party member, Jiang Chunyun said: "The CPC, the State Council, Premier Li Peng, and myself are constantly thinking of the people of the old revolutionary areas." (Beijing XINHUA Domestic Service in Chinese 0946 GMT 12 Feb 96)

Jiang Chunyun Congratulates Meeting of Old Liberated Areas — On 12 February the China Association of Construction Promotion of Old Liberation Areas held a meeting at the Great Hall of the People in Beijing, calling on all areas of society to support the construction of old liberation areas. Jiang Chunyun, member of the CPC Central Committee Political Bureau and State Council vice premier, sent a cable congratulating the meeting

from the Taihang Shan old revolutionary area. (Beijing XINHUA Domestic Service in Chinese 1119 GMT 12 Feb 96)

Peng Peiyun Calls for Greater Attention to Women's, Children's Affairs — Peng Peiyun, state councillor and chairwoman of the State Council Committee for Women's and Children's Work, speaking at a seminar of chief editors of major news organizations in Beijing on 12 February, urged parties and governments at all levels as well as all segments of society to pay more attention to work related to women and children. She specifically urged the news media to carry more reports on women's and children's issues. (Beijing XINHUA Domestic Service in Chinese 1402 GMT 12 Feb 96)

Jiang Zemin, Hu Jintao, Ding Guangen, Li Tiesing Watch Russian Folk Dance — A Russian folk dance troupe performed in Beijing on 12 February. Jiang Zemin, general secretary of the CPC Central Committee and state president; Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee; Ding Guangen, member of the CPC Central Committee Political Bureau and Secretariat; and Li Tiesing, member of the CPC Central Committee Political Bureau and state councillor, watched the show. (Beijing XINHUA Domestic Service in Chinese 1545 GMT 12 Feb 96)

Wu Bangguo Praises Army Cadres for Earthquake Relief Efforts — Eighty cadres at or above the regimental level have made "remarkable" contributions to disaster relief operations in Yunnan's earthquake-stricken areas, earning praise from Wu Bangguo, vice premier of the State Council, and Zhou Ziyu, deputy director of the People's Liberation Army General Political Department. (Beijing XINHUA Domestic Service in Chinese 0933 GMT 13 Feb 96)

Li Lanqing Visits Beijing Professors — On 12 February Li Lanqing, CPC Central Committee Political Bureau member and State Council vice premier, visited professors from Beijing University of Aeronautics and Astronautics, China Agricultural University, and China People's University. (Beijing XINHUA Domestic Service in Chinese 1029 GMT 13 Feb 96)

PRC: China To Develop New Propaganda Operations To Boost Image

HK1602053396 Hong Kong SOUTH CHINA MORNING POST in English 16 Feb 96 p 1

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] China is to spend more on boosting its image abroad, particularly in the United States, Taiwan and Hong Kong.

The bid for greater influence on how the country is perceived was made at a recent meeting on overseas propaganda.

While details of the conclave are still secret, an informed source said the State Council had approved additional money for publications and public relations work overseas.

"The line is China must win more friends through propaganda material, goodwill visits and public relations gambits," the source said.

Given the crisis with Taiwan, Beijing was concerned with image-building exercises in countries that either recognised Taipei or were susceptible to the island's "flexible diplomacy", the source said.

This included the US, which last year granted visas to President Lee Teng-hui and premier Lien Chan.

The meeting was held by the secretive Leading Group on Overseas Propaganda of the Communist Party. Its members include the head of the Propaganda Department, Ding Guangen, and the head of the State Council Information Office, Zeng Jianhui.

The group decided to improve the quality and appeal of Beijing's foreign-language publications and broadcasts.

They include the China Daily, the Beijing Review, China Today, the China Pictorial, as well as the international services of official television and radio stations.

The group suggested that in performing overseas propaganda, more attention had to be paid to the peculiar political structures of other countries. For example, in the US more lobbying and public relations needed to be directed at Congress.

The conclave also decided that more resources must be spent on hitherto neglected areas such as Latin America, where Taiwan's influence was gaining ground.

On Hong Kong, group members highlighted the role to be played by the territory's domestic and pro-Beijing media in ensuring a smooth transition.

Members believed more supervision and quality control was needed over the hundreds of Hong Kong-related films, videos, CD-ROMs, books, concerts and dramas that were being prepared all over China in the run-up to 1997.

Authors and producers would be told that their work must accentuate Beijing's commitment to maintaining the stability and prosperity of Hong Kong.

At the same time, Beijing had approved budgets for several newspapers to boost their Hong Kong coverage.

Meanwhile, cadres handling foreign media have been told to take a more aggressive approach in explaining and justifying Chinese policies.

They will adopt a "rapid-response tactic" to deal with hostile foreign reports about areas such as China's armaments programme and its human-rights record.

More press conferences and news tours would be arranged to help present Beijing's view on controversial issues.

PRC: Article Deplores Effect Foreign Films, Cartoons Have on Children

HK1602032096 Beijing GONGREN RIBAO
in Chinese 12 Feb 96 p 3

[Article by Zhong Wen (0112 2429): "Don't Let 'Foreign Culture' Lead Children Astray"]

[PTS Translated Text for FBIS] The children today are really happy. Materially, they have enough to eat and wear; and spiritually, they are carefree. This gives adults a sense of loss that they were "born in the wrong era." Viewed from the outward appearance of the rich and varied life of children, people cannot but worry about the "malnutrition" resulting from their "one-sided diet" of cultural goods: Watching cartoons has become important entertainment for children, but the contents are almost all foreign, which include monsters, devils, and sorcerers. The extracurricular reading materials are also foreign cartoons, which are filled with terror, demons, monsters, and obscenity. If they take in such "spiritual food" for a long time, what kind of people will they become when they grow up?

Thanks to the rapid popularization of television, cartoons have become increasingly influential to children. "Mickey Mouse and Donald Duck," "Banana Superman," "Popeye the Sailor," and "Ugly Duckling" have become "friends" of children, who even try to imitate the speech and manner of the leading characters. Some children even have such a feeling: "The cat is really bad. Why is it bullying the small mouse?" "I want to be a demon..." While not discussing the side effects of these foreign films, we should at least ponder some questions: Do the thousands of years of ancient Chinese culture have nothing to do with our children? Is it necessary for the later generations to inherit our national culture? Undoubtedly, cartoons and picture storybooks combine education with entertainment. With the bright color of national culture, they are also spreading a kind of national culture. As a new generation of the Chinese nation, they should mainly study their own culture. Is there nothing to draw from the 5,000 years of ancient culture which can be used to "nourish" our children?

Certainly not. Our boundless Chinese civilization has left us a vast valuable cultural heritage, which is to be inherited and developed by later generations. Is there nothing in the ancient culture which can meet the appetite of our children? No. When we were young, we often heard of old people talking about the stories of "Lady Chang E in the Moon," "The Creator-Goddess Who Patched the Holes in the Sky With Stone Blocks," "Hou Yi Shooting the Sun," "The Foolish Old Man Who Removed the Mountain,".... which we still bear in mind and ponder over and over again. The problem is quite obvious; nobody cares about collecting and sorting out these stories. To be serious, this generation of ours lacks a sense of responsibility for inheriting our ancient culture and for the healthy growth of our next generation.

Some cultural production units have explained that they lack funds and are losing money in producing China-made cartoons. Apparently, this does not constitute a reason. How can they say they have no money to produce their own cartoons when they have used huge funds to import "The Lion King?" Why are foreigners making money while the Chinese are losing out in producing cartoons? The key lies in a lack of understanding of the seriousness of the matter, rather than money. Such biased understanding exists in the production units and is also prevailing seriously in society as a whole. Some enterprises are free with their money and use huge funds to sponsor concerts and sports meets, but they refuse to offer any support to China-made cartoons, which are facing financial difficulties. There are funds of every description in society, but none aimed at revitalizing China-made cartoons. We should not feel strange at foreign films battering China-made cartoons amid an atmosphere which regards "everything foreign as admirable and beautiful." I am not saying that all foreign cartoons should be rejected. We should let our children know the noted world fairy tales. The problem is that these classical tales are seldom seen. We should introduce to our children the outstanding fairy tales and folk stories of various nations in the world, including "Cinderella," "The Little Mermaid," and "The Little Match Girl." Even in this case, we should base ourselves on China-made goods and strive to carry forward our national culture. Not long ago, the French Government stipulated that radio stations should broadcast a certain proportion of French songs. We should also have a similar proportion, that is, base ourselves on Chinese culture and appropriately import foreign material.

A generation which indulges in foreign films and cartoons will have no sense of national pride. Our splendid national culture should not disappear from our hands, and the whole society should attach great importance to this question. For the sake of the healthy

growth of our next generation, we should not let them have a "one-sided diet" with regard to culture. Viewed from practical effects, however, we should improve the quality of the cultural products for children and foster a sense of turning out fine products. Only in this way can we attract our children, educate them, and compete with foreign films. Production departments should seek integration of social effects and economic efficiency, effect a change in concept, draw on the successful experience of similar trades abroad, and explore the road of boosting China-made cartoons.

PRC: Police Crack Down on Gambling in Dongguan

OW1502144196 Beijing ZHONGGUO XINWEN SHE in English 1106 GMT 15 Feb 96

[Transcribed Text] Guangzhou, February 15 (CNS) — The police in Dongguan, Guangdong Province, have mobilised 4,300 officers to crack down on gambling, a favourite pastime of the Chinese people during the Lunar New Year period.

To date, the campaign has seen the closure of 181 electronic gaming halls, the seizure of 4,648 game machines, investigated 43 instances of illegal gambling and arrested 562 gamblers.

The raids also revealed other offences including a cache of smuggled arms.

The crackdown is a priority for the local government which has appointed senior officials to lead the operations.

As part of an ongoing performance appraisal of government cadres, those who return outstanding results in the campaign face commendation or promotion while those who fare less favourably can expect a reprimand and/or demotion.

Science & Technology

PRC: Israeli Reports 'Thousands' Injured in Rocket Explosion

TA1502185696 Jerusalem Channel 2 Television Network in Hebrew 1800 GMT 15 Feb 96

[Foreign news editor Itay Engel video-report]

[FBIS Translated Excerpt] China is apparently attempting to conceal an embarrassing catastrophe that exacted a price not only in prestige but also in many lives. A rocket launched by the Chinese yesterday exploded a few seconds after takeoff, and now, although the Chinese cut off television transmissions immediately after the explosion, we have received information indicating

that thousands of people were hurt on the ground. Our foreign news editor Itay Engel reports:

[Begin recording] [Engel] [passage omitted] For its part, China has not issued any clear reports on this matter; however, the information we received indicates that there is a lot to report. David Ben-Bassat, the director general of Radius Transmissions Ltd., spoke on behalf of Channel 2 with an Israeli at the base from which the rocket was launched. The Israeli is participating in the project, but he refused to be identified because he fears the Chinese reaction.

[Unidentified Israeli] The blast was tremendous. It was heard up to 100 km from the site of the explosion. We know that there are thousands of casualties. I did not see them myself, but I know that there are thousands of casualties. We are talking about 20,000, 30,000 or 40,000 tons of TNT which exploded above a mountain slope. The blast wiped out the base and the nearby village. It is simply unbelievable. [end recording] [passage omitted]

PRC: Explosion of Rocket Reportedly Kills 4, Injures Dozens

HK1602033296 Hong Kong EASTERN EXPRESS
in English 16 Feb 96 p 1

[By Ken Lo]

[PTS Transcribed Text for FBIS] At least four people were killed and dozens injured when a Chinese Long March 3B rocket exploded seconds after lift-off from its launch pad early yesterday.

Hospitals near the Xichang Space Centre were put on alert after the disaster and authorities sealed off the area where the flaming rocket slammed back to earth, officials in the town in southwestern Sichuan province said.

"The explosion was like an earthquake," an official of a local state agency said from Xichang, adding that the blast could be heard 40 kilometres away.

"A medical team has been sent to the site," an official of one hospital said. "The hospital has been ordered to go on the alert." He refused to comment further.

The three-tonne Intelsat 708 was to have been used by Rupert Murdoch's News Corp and Tele-Communications Inc, the largest cable television operator in the United States.

China's tightly controlled state media clamped a domestic blackout on the explosion, the second disaster in 13 months for the country's fledgling commercial space programme.

"We have very little information due to the news blackout," a Xichang television reporter said.

Members of an AsiaSat delegation who were at the launch said that debris from the satellite rained down on a hotel area in Xichang.

National, provincial and local officials would give no details of the accident, which the state-run New China News Agency (Xinhua) reported in a terse three paragraphs in its foreign services.

Domestic Xinhua, state radio, television and newspapers did not report the accident, sparing China the knowledge of a new embarrassment on the eve of the lunar new year holiday.

Media sources said Beijing was loathe to play up the latest in a spate of recent bad news, including a dynamite blast that killed 122 people in Hunan, a Yunnan earthquake that killed 300 and the murder of a senior national lawmaker by a policeman.

Industry analysts said the rocket failure was also bad news for the ambitious Chinese commercial space programme, which spent most of 1995 recovering from a launch explosion in January that killed six Sichuan peasants.

Satellite firms were unlikely to shy away, however, as failures are common in the high-risk launch business, especially when new rockets like the Long March 3B are used, they said.

China Aerospace, with prices said to be as little as half those of its Western rivals, has deals to launch nearly 30 satellites for foreign and domestic customers by early 1998.

Next is the planned March launch of Apstar 1A for APT Satellite of Hong Kong. China's 1994 launch of Apstar 1 was a success, but Apstar 2 was lost in the 1995 failure.

Sabrina Cubbon, the marketing general manager at AsiaSat in Hong Kong, said the company will today sign with Hughes Aircraft, a subsidiary of General Motors, to buy a satellite for AsiaSat 3 and also determine the choice of carrying rocket.

She refused to comment on which launch vehicle will be used, but AsiaSat maintains good business relations with Great Wall, the manufacturer of the Long March.

A Chinese Foreign Ministry spokesman, Shen Guofang, said an inquiry was under way and he would not comment other than to say the failure was unlikely to have an effect on international space cooperation.

"It is still too early to say whether (the accident) was due to technical factors or something else," Shen said.

The new 3B rocket, carrying a satellite for the global consortium Intelsat and weighing 426 tonnes, veered sharply and crashed about 20 seconds after lift-off, carving an arc of fire through the black sky over China's most populous province.

A video feed beamed to North America showed the rocket exploding before the satellite transmission was cut. Three seconds after lift-off technicians could be heard saying: "It's over, it's over."

PRC: Spokesman Comments on Rocket Failure
OW1602060196

[FBIS Report] Beijing Central People's Radio in Mandarin to Taiwan at 2210 GMT on 15 February, in its "News Square" program, carries a four-minute station reporter's recorded report about the regular "news briefing" called by the Chinese Ministry of Foreign Affairs on 15 February.

During the news briefing, Shen Guofang, spokesman for the Ministry of Foreign Affairs, answered Chinese and foreign correspondents' questions on Taiwan, Sino-U.S. IPR consultations [filed in refs nos. 1 and 2] and the launching failure of a Chinese-made rocket on 15 February morning.

With regard to the launching failure, Shen Guofang said: "The cause of the incident is under investigation." Poor recording and reproduction technique from the source precludes further processing of Shen's comments on the incident.

PRC: Priority Given To Developing Digitized Technology Products

OW1502151596 Beijing XINHUA Domestic Service in Chinese 0658 GMT 7 Feb 96

[By reporter Zou Qingli (6760 3237 7787)]

[FBIS Translated Text] Beijing, 7 Feb (XINHUA) — This reporter has learned from the Ministry of Electronics Industry that China will keep abreast with the latest developments in the production of consumer electronics and give priority to developing digitized technology products during the Ninth Five-Year Plan.

Digital-technology is currently the most advanced signal processing technology in the world. In contrast with the more commonly used analog technology, it is capable of overcoming various defects in signal processing, such as the loss of fidelity.

China will first develop high-definition digital color television technology during the Ninth Five-Year Plan. The

third-generation television sets, which use a multitude of new technologies, will also serve as monitors for high-grade computers and multimedia telecommunications. By the year 2000, China will have developed its own high-definition digital color television technology and completed the work of developing prototypes. In addition, it will also try to produce a limited quantity of this kind of television set.

China also plans to develop key technologies for digitized laser products, such as video compact discs (VCD) and digital video discs (DVD). When there is a large market for VCD's, China will give priority to developing DVD chips and related technologies, so that it will acquire the ability to develop digital video discs and produce them in large quantities.

In addition, China will commercialize big-screen high-definition projection television sets before the end of this century and strive to put into the market copyrighted multimedia products. It will develop Chinese-language information processing software and products suitable to China's conditions.

Military & Public Security

PRC: Beijing Prepared for 'Unexpected Event' in Taiwan Elections

HK1602052996 Hong Kong EASTERN EXPRESS in English 16 Feb 96 p 6

[By Wu Zhong]

[FIS Transcribed Text for FBIS] Beijing will continue to exert military pressure on Taiwan during the island's presidential election and has prepared several options to deal with any "unexpected event".

In evaluating Taiwan's election campaign, senior Chinese officials in charge of Taiwan affairs have realized that Taiwanese President Lee Teng-hui was likely to retain the presidency.

"Despite this, no one could afford to risk the worst outcome — if the pro-independence Democratic Progressive Party (DPP) might win even though the chances are slight," a Chinese source in Beijing said.

In any general election, the unexpected could happen, he said, then added: "China must make all necessary preparations."

Beijing considered it necessary to make its military presence known in order to check the influence of the pro-independence forces on the island, the source said.

"In case the DPP leaders are elected and declare Taiwan's independence, China has no choice but to

appeal to non-peaceful means as it has already said it would."

In a worse-case scenario troops deployed in the Fujian province "would not be limited just simply to conduct military exercises [as published]".

This is seen as a threat to invade the island. But he declined to give further details.

In his view, the United States also had marked concerns about the situation.

The US Seventh Fleet is in the region and will be monitoring the exercises as well as sending Beijing a timely reminder that any invasion would bring, at the very least, the sternest diplomatic response from Washington.

Taiwan is an election issue in the Republican nomination battle with Steve Forbes proclaiming it top of his foreign policy agenda.

"The US normally would not be concerned with ordinary routine military exercises as it has shown in the past weeks."

Although Beijing believes Mr Lee has the best chance of winning, it hoped his victory would not be overwhelming so that he would be diminished as a leader.

"There is no need hiding that Beijing policy-makers are still very suspicious about Mr Lee and about which direction he would lead Taiwan," the source said.

Beijing was shocked by Mr Lee's unprecedented private visit to the US in June last year because of assurances from the US that they would not allow him to make the trip.

Chinese officials were also angry and deeply concerned with Mr Lee's reported election pledge to continue his travels and build up diplomatic contacts.

"If his arrogance isn't checked, no one can be certain what he will do in the name of the people after he is elected, despite his repeated pledge for reunification with China," the source said.

China had to be on top of the situation for this reason and he added that deploying troops off the coast of Taiwan was one of Beijing's precautionary measures.

"The troops are not deployed simply for war games."

Beijing was also concerned about any turmoil that might take place in Taiwan during the election.

Asked when and to what extent the expected war games would be conducted, the source said it would depend on the development of the cross-straits situation.

But Beijing would continue its media attacks on Mr Lee to counter what it regarded as his pro-independence views.

Beijing was unlikely to have any contact with Taiwan because of the uncertainty of the election, the source said.

***PRC: Chinese-Made Surface-to-Air Missile Profiled**

96CM0076A Beijing BINGQI ZHISHI [ORDNANCE KNOWLEDGE] in Chinese 15 Nov 95 No 6, pp 4-5

[Article by An Hua (1344 5478): "China-Made LY-60 Surface-to-air Missile Weapons System"]

[FBIS Translated Text] The China Precision Machinery Import and Export Corporation exhibited the China-made LY-60 surface-to-air missile system for the first time at the weapons fair held in Greece in October 1994. This marked the system's new membership in China's air defense system, and the beginning of its competition in the international market

I. Weapons System

The LY-60 is a medium low altitude surface-to-air missile weapons system used primarily for the interception of highly mobile, hedgehopping aerial targets such as fighter planes, bombers, and armed helicopters, air-to-ground missiles, and wave-hopping missiles.

The entire system is made up of the missile and combat equipment located at the launch site, and technical support equipment located at the technical area. The complete combat equipment includes: one search and surveillance radar, three tracking and illumination radar vehicles, six missile launch vehicles, and one power supply vehicle. The technical support equipment consists of: a transport and loading vehicle, a missile test vehicle, an electronics maintenance vehicle, a machinery and electronics maintenance vehicle, a tool vehicle, a spare parts and instruments vehicle, and a power supply vehicle.

Thanks to the use of microprocessor intelligence module technology, the system has become a command and control system having a manual intervention capability. This technology is currently at the world advanced level. Other medium low altitude surface-to-air missile systems do not have it.

This weapons system has the following basic features:

- advanced fire control system, high degree of automation, and a nine second system reaction time;
- the radar employs moving target tracking processing and frequency-agile radar technology, which

gives the system fine passive resistance and active jamming capabilities; thus, it is able to work effectively when the target slant distance is difficult to determine in a complex electromagnetic environment;

- it is able to deal with multiple targets. The system can simultaneously handle 40 targets, tracking the 12 most threatening of them, and attacking three targets.
- high performance, ease of deployment and flexibility, and suitability for field warfare air defense;
- multifunctional; able to configure surface-to-air, ship-to-air, or combination missile and artillery firepower elements;
- firepower coverage is between that of antiaircraft artillery and a medium-range missile; firepower link-up and coordination functions;
- all weather capability; can operate day or night;
- small missile size, light weight, and very large point and area defense interception area;
- easy maintenance and support; can be overhauled on site.

II. LY-60 Missile

The LY-60 missile is a recently developed Chinese missile having a large intercept area and low altitude capabilities. It is a fairly advanced air-defense missile among weapons of the same type in the world.

The LY-60 missile employs semi-active radar guidance. Guidance accuracy is high, and lethal effect is good. Individual missile casualty probability rate is between 50 and 70 percent. This missile employs multiple launch tube rippling fire. The missile body is cylindrical.

Figure 1. The China-made LY-60 surface-to-air missile body is 3.89 meters long. The front end of the missile body has a diameter of 203 millimeters. The rear end has a diameter of 208 millimeters. The missile has two pairs of fully moveable wings and four fixed tails. The wingspan is 680 millimeters. The aerodynamic layout is of the X-X type (See Figure 1). The missile weighs 220 kilograms. Its maximum dynamic overload is 35 grams, and its maximum flying speed is three mach. Maximum target interception flight speed is 600 meters per second, and maximum dynamic overload is seven grams. Missile interception range: altitude of between 30 and 12,000 meters, slant distance of between 1,000 and 18,000 meters, and maximum angle of site of 60 degrees.

The LY-60 missile consists of a guidance compartment, a control compartment, and an engine compartment (See Figure 2).

- The guidance compartment includes the homing device, the fuse, the radar antenna cover (the dome), and the power supply.
- The warhead compartment includes a prefabricated shrapnel (ball bearings) warhead, a detonation circuit, and a safety device.
- The control compartment includes an automatic pilot, an electronic hydraulic power device, a servo system, and a frequency mixer for the target seeker tail receiver, four movable wings, a drop-off plug, and the forward suspension device located on this part of the missile body.
- The engine compartment includes a single stage solid rocket engine, four fixed tails, an ignition plug, and the rear suspension device located on this part of the missile body.

Comparison of LY-60 and Same Type Missile Performance

	LY-60 (China)	Sidewinder (France)	Xiaojieshu [1420 290B 2885] (United States)	Sam-11 (Russia)
Missile Length/m	3.89	2.94	2.9	5.5
Missile Diameter/mm	Front 203; Rear 208	156	120	400
Wingspan/mm	680	547 (Wing tip protrudes)	640	860
Missile weight/kg	220	125	86.2	
Maximum speed/Mach	3	2.2	2.5	3
Maximum dynamic overload/g	35	25		20

***PRC: Review of Public Order Regulations for Legal Entities**

96CM0116A Beijing RENMIN GONGAN BAO
in Chinese 30 Nov 95 p 3

[Article by Yang Xiangrong (2799 0686 2837): "Some Cursory Remarks About Legal Entity Public Order Administration Punishments"]

[FBIS Translated Text] A series of "Decisions," and "Supplementary Regulations" of the NPC and its Standing Committee set forth regulations for identification and punishment of crimes in violation of the law of legal entities. These regulations go beyond the traditional views of criminal legislation in China in that they pursue only the crimes of natural persons but they do not pursue the crimes of legal entities. They are a major advance in, and development of crime legislation in China. However, current practice in the administration of justice suggests that legal entities' behavior in violation of the administration of public order has not yet attracted universal concern. Therefore, full theoretical understanding and close attention to this matter, and the offering of active guidance for the administration of justice holds extremely important significance for public security agencies, and the people's police of public security agencies to crack down promptly and vigorously on the conduct of legal entities in violation of public order administration for maintenance of a good social order, and the handling of cases according to law.

I. Article 15 of China's "Public Order Administration Punishment Regulations" provide: "Personnel directly responsible for violations of public order administration in government agencies, groups, enterprises, and institutions shall be punished; personnel in charge of a unit who are instigators shall be punished as well."

The foregoing regulation shows that the principle for identification and the principle for punishment of legal entity violations of public order administration are as follows: First, the principal who is to bear responsibility for legal entity violations of public order administration is deemed to be only a natural person and not the legal entity. This means that when a legal entity that violates public order administration is to be punished, a legal entity itself cannot be the principal that bears administrative responsibility, but rather a natural person, i.e., those directly responsible, or those personnel in charge who instigate are the principals who bear administrative responsibility for public order. This is the single principal determination principle. Second, when a legal entity that violates public order administration should be punished, the single punishment system applies. Inasmuch as a natural person bears administrative responsibility

for public order because of the single principal identification principle, when a public order administration punishment is to be carried out, only the natural person who bears responsibility for public order may be punished; the legal entity that should bear administrative responsibility for public order may not be punished.

Under the planned economy system, the limitations on use of a single principal identification principle and a single punishment system for punishing legal entity violations of public order administration were not clear. However, under the socialist market economy system, the limitations are becoming increasingly clear. This is detrimental to fair competition in the socialist market economy. Therefore, legislation amended the identification principle and the punishment principle for legal entity conduct in violation of public order administration. This must be done to meet requirements for development of the socialist market economy.

II. Before the "Public Order Administration Punishment Regulations" were amended, the country's new criminal legislation and the "People's Police Law" regarding legal entity violations of public order administration had some new punishment principles.

Article 5 of "Decisions on Punishment of Criminals Who Smuggle, Manufacture, Sell, and Disseminate Obscene Materials," which was passed by the NPC Standing Committee in 1990, provides that not only personnel directly in charge and other directly responsible personnel can be held criminally responsible and the unit fined when a unit commits crimes in violation of the law by manufacturing, duplicating, publishing, selling, and disseminating obscene materials, or when a unit commits crimes in violation of the law by organizing the dissemination of obscene audio and video manufactures, but units that violate public order administration shall be fined by the public security authorities, and directly responsible personnel in charge and other directly responsible personnel shall be given public order administrative punishment. This is the first time that criminal legislation in China has specifically prescribed that when a legal entity violates public order administration, both the legal entity and natural persons are to be given public order administrative punishment.

It was on this basis that NPC Standing Committee approved "People's Republic of China People's Police Law" in 1995, which further perfects and develops the legal entity violation of public order administration determination principle and punishment principle, and fixes them in law.

Article 7 of the "People's Police Law" provides that the People's Police of public security agencies may use coercive measures and administratively punish according

to law individuals or organizations that violate public order administration or other public security administrative control laws.

The foregoing new criminal legislation and the provisions of the "People's Police Law" show that the new identification principals and punishment principles for punishing legal entity violations of public order administration are: the dual principles for identifying principles and the dual punishment system.

One other matter requiring further clarification is that on the basis of the spirit of the "People's Police Law" legislation, the dual principle for identifying principals, and the dual punishment system principle for violations of public order administration should be applied not only to public order administration but also to other public security administrative control laws and regulations.

III. The scope of punishment for legal entity violations of public order administration is as follows:

First is conduct clearly defined in China's "Public Order Administration Punishment Regulations."

Second is conduct defined in "Decisions," or "Supplementary Regulations" passed by China's NPC Standing Committee. In addition to the provisions of the foregoing "Decisions on the Banning of Narcotics," and "Decisions on Punishment of Criminals Who Smuggle, Manufacture, Sell, and Disseminate Obscene Materials," other frequently seen decisions include the following:

1. On the basis of the provisions of NPC Standing Committee "Decisions on the Strict Prohibition of Prostitution, and the Patronizing of Prostitutes," public security authorities may levy fines ranging from 10,000 to 100,000 yuan on hotel businesses, beverage businesses, cultural and entertainment businesses, and taxi businesses that abet prostitution and the patronizing of prostitutes, that permit it, or that do not take measures to halt it. The public security authorities may issue fines of up to 1,000 yuan on personnel in charge who are directly responsible or other directly responsible personnel.

2. On the basis of the provisions of NPC Standing Committee "Decisions on the Strict Punishment of Criminals Who Kidnap for Sale, or Who Kidnap Women and Children," units that assist in the transfer, concealment, or use of other means to impede government employees from rescuing women and children who have been bought, but who do use force or threats shall be punished according to the provisions of public order administration punishment provisions.

3. On the basis of Article 21 of NPC Standing Committee "Decisions on Punishment of Crimes That Damage the Financial Order," public security authorities may levy fines of up to 5,000 yuan on legal entities for counterfeiting or altering financial securities when the offense is so small as not to constitute a crime, and on legal entities that engage in financial security swindles when the offense is so small as not to constitute a crime. They may detain for up to 15 days, and levy a fine of up to 5,000 yuan on directly responsible personnel in charge and other directly responsible personnel.

Third is behavior clearly specified in other Chinese laws and regulations, such as the provisions of Article 36 of the "People's Police Law" on the illegal manufacture and sale of people's police emblems, uniforms, and equipment. Public security organizations may levy fines of up to five times the amount of income derived from violation of the law by units that illegally possess and use People's Police emblems, uniforms, equipment, and credentials. They may also detain for up to 15 days or warn directly responsible personnel in charge and other directly responsible personnel, and levy a fine of up to five times illegally obtained income.

PRC: New Commander of Guangzhou MR Addresses Party Congress

OW1502144796 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 7 Feb 96

[From the "Provincial News Hookup" program]

[FBIS Translated Text] The Seventh CPC Congress of the Guangzhou Military Region [MR] opened in Guangzhou this morning. Lieutenant General Tao Bojun, new commander of the Guangzhou MR, addressed the opening ceremony. General Shi Yuxiao, political commissar of the Guangzhou MR, delivered a work report on behalf of the sixth party committee of the military region. Zhou Yushu, Wen Guoqing, other leaders of the military region, and some 700 deputies attended the meeting.

There are four items on the agenda of the congress: hearing and examining the work report delivered by Comrade Shi Yuxiao on behalf of the military regional party committee; hearing and examining the work report delivered by Comrade Liu Shutian on behalf of the military regional commission for discipline inspection; electing the Seventh Standing Committee of the Guangzhou MR CPC Committee; and electing a new commission for discipline inspection under the Guangzhou MR CPC Committee. Entrusted by the military regional party committee, Shi Yuxiao, secretary of the party committee and political commissar of the

Guangzhou MR, delivered a work report entitled: Upholding the Party's Absolute Leadership Over the Army, Following the Five Sentences and General Requirements of Chairman Jiang of the Central Military Commission, and Strengthening Army Building in the Military Region.

***PRC: Ways To Improve Quality of Recruits Examined**

96CM0069A Beijing GUOFANG [NATIONAL DEFENSE] in Chinese 15 Oct 95 No 10, pp 6-7

[Article by Ju Hongcang (7263 3163 0221) et al.: "Views On the Quality of New Recruits"]

[FBIS Translated Text] The quality of new recruits is a hot topic stirring much debate today. Tackling the quality of new recruits objectively and evaluating their quality properly not only will facilitate better recruitment work but will benefit troop management. In recent years, many comrades have commented on the poor, deteriorating quality of the new recruits. Here we would like to share our experience as recruiters.

I. Society is constantly developing and progressing, and people's quality is also improving. As a special group standing out from the rest of society, the new recruits' overall quality is also constantly improving.

The new recruits' quality is constantly improving. Historically, our party has always paid attention to the masses' political ideology and education, and in recent years, in particular, the party has introduced many new measures, such as developing nationwide education to reinforce faith in socialism, formulating the "Implementation Program for Education on Patriotism," and going all out to promote the achievements of many heroic figures. Party organizations at all levels, schools, and social groups have gathered the young people to watch educational films on patriotism, and we have launched the "Five One" project and used the media to propagate a subtle influence so that the masses of young people can better establish the correct outlook on life and values. Young people show great interest in major events at home and abroad and pay attention to hot points in society; they have a clear concept of what is right or wrong and are eager for advancement.

The new recruits are increasingly better educated. Since reform and opening up, China's educational undertaking has greatly developed. Universal implementation of the nine-year compulsory education system guarantees that the masses of young people have at least elementary education. As the masses' income rises, parents are spending a larger share of their income on their children's education; they pursue early education and intellectual development to substantially raise the educa-

tional quality of this generation of young people. Their knowledge is increasingly broadened, their social experience enriched, and their ability to observe and analyze issues enhanced. In the past, recruits with junior high school education in any army company were regarded as "precious cargo." Today, almost all new recruits have at least junior high education, and more and more are senior high graduates.

The new recruits' physical quality is also improving. China's rapid economic development greatly raised the standard of living; basic survival problems have been solved. In some prosperous regions, the mix of food consumption has changed dramatically. As medical and public health undertakings develop, medical and health care standards continue to rise, and in particular, since the 1970's, we have begun focusing on family planning, and the masses' concept on eugenics and raising better children is greatly enhanced, and the overall quality of the Chinese population has greatly improved. In terms of the new recruits' physical examination, the "Applicants' Physical Examination Standard" we use today is the most thorough and the most demanding and sets the highest standard in history, and today's new recruits' physical health is better than ever before.

II. The new recruits' problems are society-wide problems reflecting the common weaknesses among young people of this generation.

Whether in terms of merits or flaws, youths of different generations have different characteristics. Today's young people live in today's society with its own unique environment, and therefore the new recruits we have assembled carry the deep marks of the times, and their problems reflect the same weaknesses of today's youths.

They cannot endure hardship. Currently, most enlisted young people were born after 1976, and more than one-third come as an only child, and this proportion is on the rise. These youths grow up in a stable society where material life and living conditions are constantly improving, so that many of them are used to leisure and are averse to hardship. Some of them not only do not have to earn a living at home, but they do not even do housework; they cannot really take care of themselves, because up to this point, they have been taken care of by their parents. When new recruits reporting to their companies at the Jinan Garrison Air Force Base deposited the money they had brought with them in the bank, more than 90,000 yuan was gathered in half a day among the 53 new recruits. Most of the money was given to them by their parents to buy food so that they would not have to suffer hardship. Life is hard in the military. The physical exertion, the climbing and crawling, and the blood and sweat aside, just leaving

the cities and towns and going to the remote border areas and checkpoints is not hardship everybody can endure. Therefore, when the new recruits first report to the bases, the problem of their inability to endure hardship soon surfaces.

They have difficulty making the psychological adjustments. Today's families generally have no more than two children, and many are spoiled. Many only sons and only daughters, popularly known as "little suns" or "little emperors," are now enlistment age. These young people, coming from a "4-2-1" family structure, have trouble making the psychological adjustment and have little self-control. They cannot withstand setbacks or accept opposite viewpoints or criticism, and they attach too much importance to ordinary failures. Many new recruits cannot take criticism from their squad leaders; some even end up deserting. This is a reflection of their inability to make psychological adjustments.

They come from complicated social backgrounds. The market economy provides more employment opportunities, and the people are increasingly more mobile. Many of the new recruits have been wheeling and dealing for years before joining the army. Some of them bring along bad habits they have developed in business. As soon as they report to the base, some new recruits look around for fellow townsmen among the troop cadres and leaders and try to claim kinship and pull strings. Their complex social experiences make recruitment and political evaluation work more difficult. In particular, we lack understanding of the state of mind and form of expression of those young people who have worked or have been in business for years; and although different means have been used to make cross-sectional and vertical evaluations, some who hire prostitutes, gamble, or take drugs still manage to get into the military.

III. The most serious problem in today's recruitment work is the failure to attract the best qualified.

A vertical comparison shows the new recruit quality to be better each year, but a cross-section comparison shows that they are not the best of this generation. This problem stands out most when we examine their educational quality. Most of the high school graduates we recruit are equivalent to graduates of vocational and technical high school graduates, and the regular high school graduates are basically those who failed their college entrance exams; most have poor grades, while those with better grades but failed the entrance exams still manage to go to college at their own expense, with the help of tutors, or after repeating a year, or they find jobs. Many factors contribute to this situation. On the one hand, as today's young people develop new concepts about jobs, going to college has become the

first choice for most high school graduates, and for those who failed to get into college, there are many choices of employment. The development of the commodity economy also provides many good, high paying jobs. In comparison, the army is much less attractive: Training is hard, discipline is strict, the pay is low, and many young people are not interested. On the other hand, the demanding physical examination also disqualifies many better educated young people. This year, among those who failed their college entrance exam and took the physical exams in Shandong, more than 70 percent were eliminated because of poor eyesight alone.

IV. Taking comprehensive, purposeful measures and making some adjustments and improvements in current recruitment policy will further improve the new recruit quality.

We should attach importance to the quality of today's new recruits, and besides continuing to go wide and deep among the people to launch national defense education and perfecting the recruitment laws and regulations, we should adopt some focused, comprehensive measures. In this respect, we have the following suggestions: 1) We should improve the method of military service registration and extend the preparatory period for military service. As soon as the local college entrance examinations are over, military service registration should begin to better ascertain the situation of the failed candidates, and effective measures should be taken to minimize the loss of high school graduates. 2) We should ease the physical exam standards. On the premise that the recruits' physical condition—such as eyesight, height, and weight—do not interfere with normal training, work, or combat, we should lower the requirement to boost the application rate. 3) The military should refine the command system. Today's young people are more sensitive, and most of the new recruits want to do well in their troop, but it takes time to turn them from ordinary citizens into soldiers, and we cannot be impatient. In everyday life and in terms of discipline, we must make gradual and orderly changes to let them adjust slowly and eliminate their own weaknesses in the adjustment process. Some cadres and backbone management methods are crude and brutal—new recruits who cannot keep up are subject to physical abuse, which the new recruits cannot endure and only accentuates their weaknesses. Therefore, the military must enhance their ideological and political work and find better management methods.

***PRC: Discussion of Ensuring Quality of Military Personnel**

96CM0115A Nanjing DONGHAI MINBING (EAST SEA MILITIA) in Chinese 1 Nov 95 No 11, pp 8-9

[Article by Nan Zhengqun (0589 2398 50280): "Improve Conscription Work to Ensure Quality of Military Personnel"]

[FBIS Translated Text] Ensuring the quality of military personnel is a practical issue in military buildup in the new era that needs to be addressed and resolved urgently. It is also a major matter that has a bearing on the long-term development of the Chinese military and the nation's stability and security over the long haul. In the spirit of the relevant instructions of the Central Military Commission and in light of the current situation, we believe the following issues must be tackled carefully if we are to ensure the quality of military personnel in the new era:

1. We must deepen national defense education for the entire population, guide the public to perceive and handle the relations between economic construction and defense buildup correctly, and nurture a social climate where people would like to send outstanding young people to join the military.

Reform, the open policy, and the development of a socialist market economy have spurred the growth of social productive forces and created many favorable conditions for enhancing the quality of military personnel. Conscription tasks everywhere have been successfully completed in recent years and the overall quality of military personnel is good. However, as people become more and more affluent, more consideration is given to economic interests and national defense consciousness is gradually diminishing, accompanied by a drop in the enthusiasm to fulfil one's obligation to serve in the military. Judging from the experiences of some localities and units, we must concentrate on doing two things right if we are to solve this problem.

First, we must vigorously intensify national defense education for the entire population; guide the cadres and masses, particularly young people old enough to join the military and their parents, to remember the history of a defenseless nation being bullied and humiliated; and inspire among them a sense of patriotism, a spirit of self-dedication, and a willingness to render services to the motherland. People must be taught to realize that a powerful national defense is essential if the country is to develop, if the economy is to thrive, and if the people are to become rich. They must develop a deep awareness of national defense and be willing to do what they can voluntarily to build up a strong national defense. Facts

demonstrate that wherever national defense education is alive and well, whether it be in a locality or unit, the masses are strongly defense-minded, young people of military age sign up to join the military enthusiastically, and the quality of military personnel is also high. Nantong Shi in Jiangsu Province and Jian Shi in Jiangxi Province have done a good job in national defense education in recent years. As a result, over 98 percent of the young people old enough to join the military enlist in the forces and more than 99.9 percent of the soldiers are consistently deemed as up to standard.

Second, we must do more to perfect and put into effect the policy of giving special care to disabled servicemen and their family members. Some areas and units have failed to do that, even to the point where the legitimate rights and interests of the servicemen and their families are not properly taken care of. This has diminished the allure of the military to young people. Therefore, even as we step up national defense education to inspire the people's sense of responsibility so that they would fulfill their national defense obligations with enthusiasm and feel honorable about it, we should further improve and implement the policy of giving special care to disabled servicemen and their family members. By eliminating the servicemen's concerns in a practical manner, we will attract young people in society to enter the military. To mobilize the enthusiasm of young people in rural areas to join the military and go to Tibet, Nanjing last year specifically issued a document raising the preferential allowance to Tibet-bound new recruits 300 percent. Upon their discharge, the recruits would all be given permanent residency registration in a township and would receive priority when the government hires workers and cadres. After the document was issued, young people enlisted in droves, enabling the city to meet its quota of new recruits to be sent to Tibet and successfully conclude its recruitment drive. Jingjiang Shi in Jiangsu Province has set up a service organization to support the army and give preferential treatment to military families, a military reward fund, a retired servicemen's training center, and a welfare factory for disabled retired servicemen. The retired servicemen resettlement rate in the city has always been 100 percent over the past few years. As a result, young people are motivated to sign up for military service. Many an outstanding youth has filled out an application and written a statement testifying to his determination to join the military.

2. We must take special care to reinforce ideological and political training for young people old enough to join the military, resist the influence of a debauched way of life and the corrosion of decadent thinking and

culture, and work hard to improve the political quality of recruits.

Chairman Jiang Zemin [3068 3419 3046] has said emphatically that political and ideological construction must top the military's list of construction. Those who work in military service must adhere strictly to Chairman Jiang Zemin's important instruction and intensify education and training for recruits in order to boost their political steadfastness and ideological and political purity.

Put special emphasis on ideological and moral education for young people. In the course of putting together a market economy, all quarters in society must take pains to continue and broaden the party's fine tradition of ideological and political work and teach the public, especially young people, to develop a correct world outlook, philosophy of life, and value system, and bolster their political immunity. We must insist on "tackling with two hands" and that both hands must be hard. We must encourage healthy trends, eradicate evil phenomena, and take strong measures to eliminate, limit, and reduce the impacts of negative factors, thus creating a good social environment where young people can grow up healthily.

Do a good job in militia ideological and political education. Most young people are militiamen, so doing a good job in militia ideological and political education is an essential way to raise the quality of military personnel. Chairman Jiang Zemin's demand that the entire People's Liberation Army (PLA) conduct education in four areas covers the basics of ideological and political education and captures the main issues that must be resolved if the corrosion of decadent thinking and culture is to be checked. Those who conduct ideological and political education for the militia must do what Chairman Jiang has demanded: Start out by studying in depth Deng Xiaoping's theory about building socialism with Chinese characteristics and then earnestly tackle education in four areas. Improve the young people's political quality so that those who are qualified can join the military.

Offer military training in senior middle schools and institutions of higher education. Practice proves that making national defense education and military training widely available in middle schools and colleges is a wonderful way to transform military service work from "marching upon mobilization" into "advance education" and improve the political and military quality of new recruits. In 1989, Yongjia County in Zhejiang Province set up a people's armed forces department and started offering courses in national defense in every senior middle school in the county. The results have been very

good. After they were recruited into the military and assigned to the army, navy, air force, or military police, the students have all demonstrated a sound political quality.

3. Screen the credentials of conscripts closely. Obtain an accurate profile of those who want to join the military and prevent unqualified people from entering the forces.

Because of the market mechanism, people have been moving from place to place like a tidal wave to do business or in search of work. A vast majority of this population on the move comprises young and middle-aged people. Of the 40,000 young people of military age in Yudou County in Jiangxi Province, for instance, almost 30,000 have left home to work or do business elsewhere. Young people away from home and under no effective supervision readily pick up bad social habits. If we fail to screen the recruits closely and find out exactly what these young people who have left home are up to, a number of unqualified recruits, even a handful of highly questionable people, may be able to slip into the military ranks. For this reason, we must do a strict screening job at the point of recruitment to ensure the quality of military personnel. Set up an effective responsibility system in conscription work and implement it in earnest. The introduction of a responsibility system in conscription work is an effective way to make sure that recruits are properly examined and investigated. Personnel responsible for conducting the recruits' physical examinations and political examinations as well as the military receiving personnel should be required to sign a military personnel quality responsibility statement so that responsibility can be traced to a specific individual. The person who does the investigation or examination and signs the statement will be held accountable. When a problem arises, it will be dealt with strictly. Screening and investigation must focus on what is important. Young recruits who have left home to work or go into business elsewhere for extended periods of time must be investigated thoroughly since their experiences are more complicated. Understand clearly their activities during the time they were away from home, particularly what they have actually done. The method of political investigation must be improved. The traditional practice is to rely solely on investigations by the conscription department. It should be replaced by open political investigation, masses' assisted investigation, shadow investigation, and joint investigation by the people's armed forces department, public security department, education department, and public health department, among others.

4. Conscript in accordance with the law. Reverse unhealthy trends steadfastly and ensure that the units are supplied with good quality recruits.

The main reason why there are unhealthy trends in conscription is that conscription departments are less than wholehearted in enforcing the conscription policy, conscription standards, and conscription requirements. Review the successful practices of some units. To reverse the unhealthy trends in conscription and solve problems at their root, we must conscript in accordance with the law even as we intensify education and make conscription free from corruption. This is an objective requirement of the market economy.

Publicize conscription rules and regulations more energetically. To ensure the quality of military personnel, we must publicize conscription rules and regulations more energetically, reinforce the notion of conscripting in accordance with the law, and use the law to regulate public conduct and check unhealthy trends. The people's armed forces department of Wuxian Shi in Jiangsu Province has been rated an advanced unit in conscription work by the Ministry of National Defense. Its success boils down to one thing: doing a good job in educating people about conscription rules and regulations. Combining national defense education for all people with universal legal education and conscription education, it goes all out to publicize conscription rules and regulations as well as rules governing conscription work. It takes pains to make conscription education permeate every facet of conscription work based on local reality. There was a young man surnamed Yan in the city who passed both the physical examination and political examination. His father, however, would not let him enlist in the military. The municipal people's armed forces department and public security bureau worked out a way to proceed in accordance with the law and sent him a written notice. Now panicking, Yan's father went to a municipal leader to whom he was related to plead his case. The leader explained to him the conscription rules and regulations one by one and asked him to handle the matter as the law required. After he got home, the father quickly agreed to support his son's decision to join the military. To date conscription work in Wuxian Shi is proceeding smoothly on a legal track. Among young people old

enough to join the military, it is downright fashionable to sign up for the draft, go to the drafting center for a physical examination, and report for duty—all voluntarily. The quality of military personnel is getting better each year.

Accelerate the formulation of conscription rules and regulations of a local nature. The "Conscription Law" promulgated by the central government only spells out broad principles on conscription, making it necessary to prepare a set of rules and regulations of a local nature as well as methods of implementation pertaining to conscription work in light of the reality in the locality concerned. Late last year Shanghai issued and put into effect the "Shanghai Conscription Work Regulations." These local conscription regulations stipulate the legal responsibilities of the citizen and the units as far as conscription is concerned and the procedures in conscription work. In particular, they specify in detail the penalties to be meted out for behavior that violates conscription work discipline. After the regulations were issued and took effect, young people of the appropriate age, their parents, unit legal persons, and conscription workers have been very conscientious in fulfilling their obligations and discharging their responsibilities. Young people are showing up to take the physical examination and passing it at record rates in recent years. As a result, Shanghai's conscription problem has largely been ameliorated.

Stepping up supervision, enforcing the law rigorously, and adhering to the law strictly in conscription work—all that constitutes a challenge to the various unhealthy trends in conscription work and will inevitably run into resistance from all quarters. To eliminate such obstruction and ensure that the law is upheld, legal supervision must be intensified. Military regions in the provinces must take the initiative to coordinate with the local departments involved and establish a comprehensive supervision system to prevent and close any loopholes in law enforcement and law compliance.

General

PRC: Article Views Debts of State Firms

OW1602114396 Beijing RENMIN RIBAO in Chinese
13 Jan 96 p 6

[Article by Zhou Tianyong (0719 1131 0516): "Conscientiously Solve State Enterprises' Problem of Heavy Debts"]

[PTS Translated Text for FBIS] When a state enterprise's debt-to-asset ratio is too high, it not only affects the efficiency of its productive operation, but also causes problems in the lending bank's normal operation. Comrade Jiang Zemin pointed out: "We must not try to bypass the current problem of enterprises suffering from low capital ratios and heavy liabilities. We should treat it as an important issue in our effort to deepen the reform of state enterprises and should handle it properly under leadership and step by step, after identifying the nature and circumstances of their liabilities." It is therefore evident that discovering how to solve the problem of state enterprises running into heavy debt is an important subject for deliberation in our effort to deepen the reform of state enterprises. Central and Local Governments, Financial Authorities, and Banks Should Work Together To Help Lower Enterprises' Liability Ratio [subhead]

The solution to the problem of heavy debts of state enterprises takes two forms: One is by injecting capital from outside by the central treasury, local treasury, or the bank; and the other is through the enterprises' own effort to generate capital and assimilate it. These two forms must be integrated. For those enterprises which are suffering from excessive debts caused by the shift from fund allocation to lending, insufficient capital input, the depreciation factor, delivery to the state, and too-great a burden, and yet which show good efficiency and market prospects, the parties outside them should offer them a certain amount of capital input to help bring down their excessively high liability levels. Comrade Li Peng pointed out in the "Explanation on the Suggestions for the Formulation of the Ninth Five-Year Plan and the 2010 Long-Term Objective for National Economic and Social Development": "Governments at all levels should create conditions to help these enterprises improve their situation in light of their varying circumstances. For those large and medium-sized state enterprises which are weighed down by a heavy load left over from the past, as well as social burdens, and yet have an important role to play in the national economy, the state should inject some funds and adopt the following three measures: First, to encourage mergers and allow the merged enterprises to enjoy interest exemptions or interest stoppage on some of their liabilities or

delay the repayment of the principal; second, to change some enterprise debts incurred by the shift from fund allocation to lending into state investment; and third, to write off the liabilities of bankrupt enterprises." This measure can be called "patchy government support" for the solution to the debt problem.

To Adjust the Enterprise Asset Structure With Social Funds Injected by Various Parties

At present, the liabilities of state enterprises are worth 83 percent of their total assets. We must change this structure of enterprise assets with high credit-asset ratios and high risks, by way of capital input. However, since the beginning of the reform and opening up, the distribution of national income has gradually changed and the proportion of residents' income has continuously increased, as opposed to the high concentration of treasury revenue in the past. Therefore, as far as financial capabilities are concerned, neither the central treasury nor the local treasury will have sufficient funds to make large capital inputs in the enterprises. Nor is it likely that they will take over the excessive debts of enterprises with big interest payments. The enterprises themselves, weighed down by various burdens and low economic efficiency, have no accumulated wealth to improve their own asset structures. But more than 6 trillion yuan from the incomes of urban and rural residents has been deposited in banks in the form of savings in recent years. What needs pondering are the consequences of helping enterprises lower their current debt-to-asset ratios by way of capital injection by the treasury and the bank. If the central and local treasuries fail to take care of all the capital input and investment required for the existing state enterprises and newly founded state enterprises, or are not in a position to let them retain a large amount of profits so that they can replenish their capital stock themselves, the enterprises and construction units will have no choice but to borrow from the bank and the liability ratio of the state-owned economy will undoubtedly rebound after the reorganization. If that happens, any work done today to lower the enterprises' debt-to-asset ratio would be to no avail.

The above-mentioned scenario tells us that we must adjust the financing channels for the state-owned economy and restructure the assets of state enterprises in light of the changes in the distribution of national income, so as to block the pickup of the debt-to-asset ratio at the institutional level. Therefore, it is necessary to develop various kinds of investment funds and let them absorb funds from urban and rural residents for investment or injection in state enterprises. Also, it is necessary to energetically develop the joint-stock economy and non-state economy, restructure the assets of the state-owned

economy, and directly absorb the funds from urban and rural residents for investment and injection into enterprises, so that the funds raised through various channels can be absorbed by predominantly the state-owned economy.

To Set Rational Interest Rates and Close the Gap Between Asset Profitabilities and Credit Interest Rates

At present, the credit liability ratio [dai kuan fu zhai lu 6313 2949 6298 0280 3764] is 70 percent, asset profitability is 5 to 6 percent, and credit interest rates are over 12 percent. Under such circumstances, the state-owned economy is already having difficulty maintaining its normal operation. As the enterprises' asset profitability keeps falling instead of rising, every percentage point added to the bank credit interest rate would mean nearly 30 billion yuan in losses among all state enterprises. As losses will gradually eat up their assets, the liability ratio of enterprises will inevitably rise. When the enterprises fail to make repayments, bad assets will result in the banks. Some comrades maintain that interest rates should be marketized and determined by market demand. The key issue here is that we have not yet formed a framework of an investment system and enterprise system which can correctly react to the stimulation of interest rates. No matter how high the interest rate of lending is, state investors and state enterprises would not flinch from borrowing. A considerable number of enterprises would not even consider how to repay the principal and interest when they borrow, or even would have no intention to do so in the first place. With such behavior, the demand on funds would be infinite. To determine the interest rates on the basis of such false demand will only result in an outrageously high level of interest rates. What would happen is that a large proportion of state enterprises operate at a loss, which would eat up their assets and form a large amount of dead accounts and bad debts in the banks.

Therefore, bank interest rates should be determined on the basis of average profitability society-wide. A vital issue here is to speed up the substantive reform of the investment system and enterprise system, eliminate the unchecked, false demand of state investors and enterprises on funds, and ease the pressure on interest rates from such abnormal demand, instead of setting outrageously high credit interest rates on the basis of a false demand for funds. Rational setting of interest rates is an important measure for increasing assets and reducing liabilities which need to be added to all kinds of policy proposals for lowering the liability levels of state enterprises today. To gradually lower the credit interest rates on the basis of speeding up the reform of invest-

ment system and enterprise system, controlling the slippage of enterprise profitability, and continuously raising the efficiency of the state-owned economy will help enterprises reduce their losses, increase their profits, and thereby replenish the capital stock of state enterprises. Most importantly, if we want to channel some of the incomes of urban and rural residents into the investment funds or directly into enterprises as investment, to diversify the financing and asset structures of the state-owned economy as the main body, we must gradually lower the interest rates of bank deposit funds, raise the fund profitability of investment and productive operation, and afterward enable the returns on the investment funds and funds in the form of shares to outstrip the bank deposit interest rates. Otherwise, if the bank savings interest rate is higher than the industrial profit margins and the returns on capital, the urban and rural residents will not put part of their incomes into investment funds, state-owned holding enterprises, and the nonstate economy.

To Reorganize Asset Stock in Various Ways and Lower the Level of Liabilities Borne by the State-Owned Economy

Asset reorganization and the enlivening of stock assets is a very important approach to lowering the level of liabilities borne by state enterprises. Some state enterprises which are big, efficient, and have good market prospects can acquire some other enterprises with relatively high liability ratios under the precondition of not affecting their own normal operation, so as to improve the overall efficiency and solvency of the state-owned economy. Some insolvent enterprises which have no market prospects and very low efficiency should be firmly made bankrupt within the scope permitted by the state reserve for bad debts. This way, we can lower the liability ratio of the entire state-owned economy. We should also sell the obligatory rights of some enterprises, especially those of some small enterprises, to domestic and foreign buyers to repay bank loans. Small state enterprises and relatively competitive medium-sized state enterprises should be reformed and reorganized at an accelerated pace in such forms as reorganization, amalgamation, merger, the introduction of the joint-stock cooperative system, leasing, contracted operation, and selling, depending on their individual conditions, on the basis of the principle of "running well the big ones and decontrolling the small ones" for strengthening the state-owned economy. Any surplus liabilities should be evenly shared by the staff and workers in a way that best suits the circumstances and, in the meantime, the assets should be evenly distributed among the staff and workers in proportion to the liabilities they bear. This can rigidify liabilities and prevent medium-sized and small state enterprises from repudiating their liabilities

incurred before the restructuring. As to the debts that enterprises owe to one another, they should, on the basis of voluntariness and consultation and with the protection of applicable state laws, be injected into the debtor enterprise as subscription to the capital stock, subject to the consent of the creditor enterprise.

Strive To Improve the Efficiency of Enterprises and Let Them Absorb Excessive Liabilities Internally

Comrade Jiang Zemin once pointed out: The main solution to the problem of state enterprises suffering from an excessive liability ratio is for the enterprises to improve their efficiency, make up for their weaknesses, and generate their own resources. When the asset profit rate of the entire state-owned economy drops by one percentage point, it would equal 45 billion yuan in losses. Losses would inevitably encroach on state-owned net assets, causing the liability ratio of state enterprises to rise and large amounts of bad assets to form. If the contrary happens, i.e., the asset profit rate of the state-owned economy rises by one percentage point, it would result in a profit of 45 billion yuan. If, during the period of the Ninth Five-Year Plan, the asset profit rate rises by one percentage point each year, the excessive debts that state enterprises have will greatly decrease and the problem of dead accounts and bad debts in banks will also be gradually resolved.

The effort to solve the liability problem should be integrated with the substantive reforms of the system of government-enterprise relations, the enterprise system, the enterprise internal organizational structure, the entrepreneurial system, and the investment system, which all affect the efficiency of an enterprise at present. The type of debt reorganization relying on an infusion of resources can only treat the symptoms of the debt problem of a given enterprise, but not its root cause, because after such reorganization, the economic efficiency of the enterprise will not be raised and may even drop. With a low efficiency, the enterprise will have to eat away the state-owned net assets again and its liability ratio will rise again. Therefore, it is necessary to integrate the acceleration and deepening of the reform with the strengthening of enterprise production and operational management. This way, the enterprise development can be furthered through enhanced efficiency and the problem of excessive liabilities of state-owned enterprises can be solved through the most essential means of self-generation of resources.

PRC: State Enterprises Urged To Raise Efficiency
OW1602122496 Beijing RENMIN RIBAO in Chinese
25 Jan 96 p 2

[Article by the State Economic and Trade Commission: "Learn From the Handan Iron and Steel Complex, Grasp Management, Increase Efficiency"]

[PTS Translated Text for FBIS] The State Council recently issued a circular concerning its approval and transmission of the "Investigation Report on the Management Experience of the Handan Iron and Steel Complex [HISC]" jointly prepared by the State Economic and Trade Commission and the Ministry of Metallurgical Industry, and called on the whole country to emulate and spread the experience of the HISC. This is a special document endorsed and transmitted by the State Council concerning the management experience of enterprises, which serves as an important arrangement for the work of implementing the spirit of the Fifth Plenary Session of the 14th CPC Central Committee, deepening the enterprise reform, and reinforcing the management of enterprises; and is therefore of great guiding significance to promoting the transformation of the growth patterns of the economy and to encouraging enterprises to gear themselves to the development needs of the market economy. All localities, departments, and the large numbers of enterprises are required to conscientiously study and implement the spirit of the State Council's circular in a thoroughgoing way; emulate and spread the experience of the HISC in light of their realistic conditions; and set off a nation-wide upsurge of emulating the HISC, paying close attention to enterprise management, and increasing their economic efficiency.

Over the past five years, the HISC has been engaged in the reform of its internal management system which centers around the principle of "modelling after market accounting and introducing cost vetoes," withstood twice the test of a weak steel market, digested external price rise factors totaling 650 million yuan, cut down the costs of its products by the year, and brought about a stable growth to its economic efficiency. With its economic efficiency and steel output in the past five years surpassing the total sums over the previous 32 years, the HISC has successfully turned itself from an ordinary medium-sized local iron and steel enterprise into one of China's 11 giant iron and steel complexes today. Thanks to its efforts to firmly implement the principle of "modelling after market accounting and introducing cost veto," the HISC has now opened up a road of enhancing the production and marketing rate of products, heighten the operational efficiency of funds, improve the quality of products, and cut down their costs. The practice of the HISC has attested to the full

that state-owned enterprises should be, and undoubtedly can be, run successfully. The HISC deserves praise, for it has provided other state enterprises with workable experience in realizing the two fundamental shifts of an overall significance, which refer to the shift from the traditional system of the planned economy to the system of the socialist market economy and the shift from an extensive to an intensive operation.

In our efforts to emulate and spread the experience of the HISC, we should, first of all, heighten our ideological understanding and take positive actions to transform our concepts. At the present moment, we should give prominence to the concepts of market, competition, prestige, and cost efficiency. Enterprises are required to change their traditional concepts of the planned economy and the extensive operation in real terms; overcome such considerations of vying with others for new projects and new investments or "awaiting, relying on, and begging for" the support of the state; accelerate their pace in changing their operational mechanism and management patterns; and unswervingly take to the road of centering their work around the enhancement of economic efficiency, setting their eyes on improvement from within, devoting great efforts to building up their own strength, tapping their internal potentials to the full, and realizing an intensive operation. Enterprises should gear themselves to the market in real terms and organize their production and operation according to market demands. Enterprises are advised not to engage in manufacturing products which enjoy no market, lest the more they produce, the bigger the stockpile, thus causing tremendous waste. It is important to correctly handle the relationship between starting new projects and making use of the existing foundation, and discouragement shall be given concerning the start of new projects in fields where existing enterprises can have had the ability to enhance their productivity through reform, reorganization, transformation, or expansion. Enterprises are required to use their limited accumulations on their technical transformation, and guide the enthusiasm of all sides in accelerating development onto the work of optimizing the structure of assets stock, attaining technological progress, and fully tapping the potential of existing enterprises.

It is imperative to persistently and organically integrate the reinforcement of management with the reform, reorganization, and transformation of enterprises. Upholding the principle of "three changes and one reinforcement" is a basic experience we have summed up during the enterprise reform and development over recent years, and also represents an important train of thought on successfully running state enterprises. Today, state enterprises are faced with numerous difficulties and

problems, which are usually a comprehensive reflection of various deep-seated contradictions in the national economy and can only be resolved through effecting a "comprehensive improvement," not by any other simple means. So long as they uphold the principle of "three changes and one reinforcement," state enterprises can open up a new road for enhancing their economic efficiency. In view of the present situation wherein some enterprises have slackened their efforts in management or even ignored their internal management, we believe it imperative to make a special emphasis on the need to reinforce management. Reinforcing the enterprise management is a matter of fundamental importance to enterprises in their bid to effect permanent cures for their problems, is the foundation of all our work, and constitutes a major content of the enterprise reform. We should continue carrying out the activity of "changing mechanism, grasping management, building up internal strength, and increasing efficiency" in an extensive and thoroughgoing way; strive to enhance the production and marketing rate, the operational efficiency of funds, and the quality of products; work hard to reduce the costs of products; and closely center the reinforcement the enterprise management around the principle of three enhancements and one reduction."

It is important to proceed in our work from reality. Conditions, foundations, and situations vary in different localities, departments, and enterprises across the country. Therefore, they should proceed their work from realistic local conditions; pay special attention to main problems and key issues; refrain from imposing uniformity, engaging in formality, merely paying lip service, or applying the experience of others mechanically; and closely integrate the emulation of others' experience with the reform and development realities in their own localities, departments, and enterprises. To successfully emulate the experience of the HISC, what counts is to translate our words into actions, and take earnest and down-to-earth steps to accomplish solid work and seek tangible results. Enterprises are required to compare their work with that of the HISC so as to find out their shortcomings, put forward measures and targets of improvement, and take the opportunity of emulating the HISC's experience to push forward their work of all endeavor and to constantly attain new results.

Enterprises should rely on the masses of workers and staff wholeheartedly, and fully arouse their enthusiasm in production. The key to reinforcing the enterprise management and enhancing the vitality and market competitive of enterprises is to try in all means to mobilize the enthusiasm, initiative, and creativity of man, and to rely on workers and staff for the successful running of enterprises. Through modelling after market accounting, the

HISC has made every worker their own master in managing financial affairs, thus giving rise to the situation wherein "the 1,000-jin load is shared by all, each assuming responsibility for a fixed quota." Besides making every worker involved in the accounting of his enterprise, enterprise leaders should also value the role of man in conducting grass-roots management, consult with workers and staff when encountered with problems, and rely on their workers and staff to overcome difficulties cropping up in production and operation. Enterprises should strengthen the training and intellectual development of their workers and staff, not begrudge money spent on bringing up able personnel, and constantly enhance the ideological and technical quality of man. Meanwhile, they should make conscientious efforts to implement the "Several Opinions on Strengthening and Improving the Ideological and Political Work of Enterprises," step up the building of spiritual civilization, work hard to cultivate the culture and spirit of enterprises, and enhance the unifying force of enterprises. Besides, they should also adopt various effective and powerful measures to bring up a contingent of workers and staff who can meet the needs of the socialist market economy.

Further steps should be taken to strengthen the building of the leading bodies of enterprises. The leading body of an enterprise and its principal leader are the key to the success or failure of the enterprise. A qualified leading body can turn a big loss-maker into a big profit-maker, yet an unqualified leading body can mess up an outstanding enterprise. Therefore, it is important to establish a decisionmaking, implementation, and supervision system in enterprises in line with the requirements of building a modern enterprise system; and to give shape to an effective system of internal supervision and self-restriction. Leading cadres of enterprises should establish correct concepts concerning the operation and management of their enterprises which are suited to the requirements of the socialist market economy, impose a strict management, have the courage to supervise and take charge of the overall work, devote more efforts to theoretical study, optimize their knowledge structure, and constantly enhance their own quality. The principal party and government leaders of enterprises should establish an enterprising spirit and have a strong sense of calling, and should constantly enhance their ideological and political quality and the art of management. In their study of the experience of the HISC, enterprises should conscientiously implement the "Opinions on Strengthening and Improving the Building of Leading Bodies of State-Owned Enterprises" and the "Stipulation Concerning the Honesty and Discipline of Leading Cadres of State-Owned Enterprises (Institutions)," with a view to earnestly reinforcing the building of their leading bodies. A comprehensive assessment should be organized

and conducted among the leading bodies of state enterprises, and timely readjustments be made to unqualified and problem-ridden leading bodies. Working hard to bring up a grand contingent of entrepreneurs who can meet the requirements of the market economy is an urgent need of the development of the socialist market economy, an important condition for the establishment of a modern enterprise system, and also a major content of our efforts to reinforce the management of enterprises.

This year is the first year of the Ninth Five-Year Plan, during which we enjoy many favorable conditions in our bid to promote the reform and development of enterprises; yet at the same time, we are also faced with many difficulties and restrictive factors. We should take the opportunity of implementing the circular of the State Council on emulating and spreading the experience of the HISC to make a good start, lay down a sound foundation, and make sure that greater results can be attained in the enterprise reform and development this year.

PRC: Continued Control Over Prices in 1996 Urged

OW1602105496 Beijing RENMIN RIBAO in Chinese
10 Jan 96 p 2

[Article From the "Economic Viewpoint" Column by Ye Zhen (0673 7201): "The Year 1996: The Reins on Price Control Must Not Be Relaxed"]

[PTS Translated Text for FBIS] In 1995, the State Council and local governments at all levels took active steps to materialize various effective measures, made painstaking efforts in exercising control and regulation, carried out their work with caution, and successfully fulfilled the task of restricting the year-round retail price rise to below 15 percent.

With the arrival of 1996, the rise in commodity prices during the year has again become one of people's major concerns.

To exercise control and regulation over commodity prices this year, we should, first of all, learn from our experience gained from price control and regulation in 1995. The decision of the central authorities to regard the work of curbing inflation as the task of first importance for 1995's macroeconomic control and regulation was soon turned into the consensus of both governments at all levels and people from all walks of life. This serves as an important condition for the obvious drop in the price level of 1995.

The multi-channeled policy of control and regulation is the decisive factor for the obvious drop of price rises in the past year. In view of the fact that this inflation was

ignited by many-sided and complicate factors, governments at all levels adopted various measures and means to curb inflation on a comprehensive scale. They included efforts to introduce a moderately tight fiscal and monetary policy at the macro level, and exercise strict control over the scale of fixed assets investment. With a view to increasing effective supply while curbing the excessively fast growth of social demands, all localities and departments across the country introduced the system under which each is responsible for attaining its own objectives of price control. Steps were taken to tighten supervision and management over commodity prices. They included, first, efforts to maintain the normal market order by legal means; secondly, the adoption of necessary administrative means, such as introducing restrictive prices by administrative means, lowering prices by offering financial subsidies, and announcing readjustments to the prices of major commodities at appropriate moments, under the present situation wherein the country had yet to set up the framework of a new system or improve its economic legal means; and third, the use of social means, including media exposure, public supervision, and supervision exercised by mass organizations, such as the Consumers Council.

Although the price-control target of 15 percent was met in 1995, 15 percent is still considered an unduly high level when compared with both the country's economic growth and the living standards of the people, especially with the living standards of a small number of low-income residents. Therefore, judging from the needs of macroeconomic control and regulation, we believe it necessary for us to continue implementing the policy of curbing inflation in the year 1996.

There are favorable factors for our efforts in the new year. First, the party central committee and governments at all levels have maintained the approach of taking the issue of inflation seriously. The Fifth Plenary Session of the 14th CPC Central Committee has pointed out in explicit terms that curbing inflation will be listed the task the prime importance for macroeconomic control and regulation during the Ninth Five-Year Plan; second, the growth of both the economy and the total investment has slowed down to an appropriate level, and pressure for price rises resulted from increasing demands will be eased apparently in 1996; third, the ample market supply is expected to continue in the new year, and agricultural harvests in particular have considerably alleviated the strong force that pushes up prices, mainly the prices of foodstuffs, over the past two years; fourth, many production facilities, especially power, transportation, and telecommunications facilities, have been completed and put into operation over the past two years, thus

providing a strong guarantee for an increase of effective supply in 1996.

There also exist unfavorable factors. First, the foundation for the slowdown of price rises in 1995 was not a stable one, for the target of price control in 1995 was met and the price rises were temporarily held back mainly through application of strong administrative means, such as cutting down prices by administrative means, offering financial subsidies, and postponing the schedule for making readjustments to the prices of certain commodities. If the aforementioned factors cease to exist or have less weight in 1996, rebounds in commodity prices can be predicted. Second, although the factor pushing up commodity prices has been turned from one featuring the dual function of demand-pull and cost-push to one featuring mainly cost-push, there is still a possibility that the two factors can function at the same time. On the one hand, the cost-push factor may become intensified; and on the other hand, the demand-pull factor represented by investment may emerge again if we are not careful, as a result of the fact that wishes for starting new projects still remain strong objectively. Third, pressure from all sides demanding price rises still remains strong; and under the slightly better price situation in 1996, there are louder voices calling for price readjustments which have been postponed for one year in 1995. Fourth, there still exist a number of uncertain factors during the process of economic operation and reform.

Judging from the movement and mechanism of price rises, since the retail price rise of consumer goods fell below 9 percent in December 1995 and such a slowdown trend is expected to continue for some time, the monthly movement of retail prices is expected to follow a "U" track throughout 1996; and provided that all sides do a good job in this connection, the year-round retail price rise can be controlled at around 10 percent.

To ensure that prices will not grow over 10 percent in 1996, state departments in charge of macroeconomic control and regulations should coordinate their work around three targets, namely, maintaining the moderately tight monetary policy, increasing supply, and reinforcing management.

Concrete tasks include the following: Continued efforts should be taken to carry out the moderately tight financial and monetary policy, contain the scale of investment, and avoid investment from swelling again. Steps should be taken to maintain a stable growth of the economy; increase effective supply; and continue, in particular, to increase input into agriculture, try in every means to increase the incomes of peasants, and ensure agricultural harvests. It is imperative to rectify

the order of circulation, and continue to reinforce supervision and management over market prices. We should impose strict control over price readjustments of major commodities, introduce necessary price readjustments in an orderly way, and ensure that such readjustments are materialized at an appropriate time. Meanwhile, we should also make use of the state's foreign exchange reserves to import a proper quantity of commodities that are in short supply in domestic markets.

PRC: Water Resources Minister Discusses Priorities
OW1602105596 Beijing RENMIN RIBAO in Chinese
5 Jan 96 p 10

[Article by Niu Maosheng, minister of water resources: "Do a Good Job in Handling the Important Issue of 'Water Resources as Top Priority'"]

[PTS Translated Text for FBIS] Our country frequently suffers from floods and droughts. Water conservancy has an especially important role to play in helping to stabilize society and develop the economy. An ancient classic says: "A sage governs by centering on water." Throughout history, water control has always been an important strategy for stabilizing the state and enriching the nation in all dynasties.

Recently, we have come to realize through the in-depth study of the spirit of the Fifth Plenary Session of the 14th CPC Central Committee that in the coming 15 years, going into next century, in order to accomplish the goal and strategic task of socialist modernization, our country must have a water control environment which effectively serves economic development and social stability. The comrades from Liaoning Province said: "Regulate the Liao He to ensure peace for Liaoning." The comrades from Guangdong Province said: "A developed economy needs developed water conservancy as a safeguard."

Over the past years, the whole party and the whole society have become ever more aware of the importance of water conservancy. At the beginning of the Eighth Five-Year Plan period, General Secretary Jiang Zemin pointed out: "We must conscientiously study the issue of water. He who has no anxious thoughts for the future will find trouble right at hand. We should indeed repair the house before it rains." Premier Li Peng remarked: "We must set great store by the development of water conservancy projects. We should understand the status and role of water conservancy from a strategic perspective and regard it as the infrastructure and basic industry of the national economy, an understanding which should be manifested in the arrangements under the Eighth Five-Year Plan." According to our survey, over the past one or two years, the party committees and

governments of 20 provinces, autonomous regions, and municipalities all over the country have made decisions on strengthening the construction of water conservancy projects. During the period of the Eighth Five-Year Plan, the input in water conservancy capital construction nationwide was in the region of 63.9 billion yuan, four times that during the Seventh Five-Year Plan period, of which the central government invested 34.8 billion yuan, six times its investment during the previous five-year period.

The "Suggestions of the CPC Central Committee on the Formulation of the Ninth Five-Year Plan and 2010 Long-Term Objective for National Economic and Social Development," adopted by the fifth plenary session, pointed out: "It is necessary to strengthen the building of such basic facilities and basic industries as water conservancy, energy, transportation, and communications, so that they are suited to the development of the national economy." This statement sounds extraordinary [fei tong xiao ke 7236 0681 1420 0668] and has a profound meaning. From the slogan that "water conservancy is the lifeline of agriculture" to the statement that "water conservancy is the infrastructure and basic industry of the national economy" and then to the listing of water conservancy in the foremost position among all infrastructural projects and basic industries, this is proof enough that the understanding of the whole party and the whole society on the importance of water conservancy has made another quantum leap. Therefore, the 1.6 million workers in the water conservancy sector nationwide are determined to seize this situation and actively do a good job in handling the big issue of water conservancy. The following important tasks are to be carried out through down-to-earth efforts during the Ninth Five-Year Plan period.

To Strengthen the Harnessing of Major Rivers and Lakes and Reduce the Threat of Floods and Droughts To Ensure Social Stability

The regions around the middle and lower reaches of seven major rivers of our country, namely, the Chang Jiang, Huang He, Huai He, Hai He, Zhu Jiang, Songhua Jiang, and Liao He, take up about one 10th of the total area of China's territory and have half of the national population, one-third of all the cultivated land, and 70 percent of the country's total industrial and agricultural output value. They constitute the cream of our land. But the liability of these regions is that they are generally several or dozens of meters below the water table during the flood season and if an embankment bursts in a contingency, the consequences would be too terrible to contemplate. During the Ninth Five-Year Plan period, we will list the harnessing of rivers as the first

things and try to accomplish it with concentrated funds, materials, and manpower. Specifically, our vision is to build a batch of valley-controlling mainstay projects for integrated utilization; complete the reinforcement of most of the important defective or dangerous reservoirs; strengthen the dredging and obstacle-clearing of river courses; strengthen urban flood control projects; make a good job of the construction of flood diversion and storage zones; strengthen the construction of nonengineering projects; accomplish the construction of central and provincial flood and drought control regulation and directing systems and flood control decisionmaking systems; and upgrade the level of automation of flood forecast and early warning. In short, by reinforcing the flood control hardware and improve the flood control software, we aim to enable the trunk streams of the seven major rivers and large lakes, including Tai Hu, Dongting Hu, and Poyang Hu, to resist the impact of the biggest flood that has taken place since the founding of New China to the extent that crucial sections of embankments will not burst. Should the maximum flood level be exceeded, we should be able to divert and store the floodwater effectively so as to ensure the safety of important cities and important economic zones during flooding and minimize losses.

To Energetically Promote Water Supply Projects and Ensure Sufficient Supply of Water for Agricultural Irrigation and Industrial and Urban Consumption

During the Ninth Five-Year Plan period, we should proceed from the overall goal of accomplishing the new objectives of national economic and social development, take all factors into consideration, and optimize the disposition of water resources. We should increase the total water supply capacity by 60 to 80 billion cubic meters to alleviate the supply-demand conflict in areas with a serious water shortage; and basically meet the demand for water of key industrial development zones, economic development zones, energy and raw materials bases, and additional irrigated areas. We shall strengthen leadership, organize resources carefully, pay attention to cost-effectiveness, and carry out the capital construction of farmland water conservancy projects in a down-to-earth and unremitting manner, in a bid to greatly improve the conditions for China's agricultural production and our ecological environment within the next 15 years.

To Carry Out Water and Soil Conservation Projects With Unflinching Perseverance and Improve China's Water Environment Step by Step

During the Ninth Five-Year Plan period, we shall treat 250,000 square meters of land against water losses and

soil erosion in accordance with the "National Outline Program for Water and Soil Conservation." We should concentrate on "one big and one small." "One big" refers to the water and soil conservation for the valleys of the middle reaches of Huang He and the middle and upper reaches of Chang Jiang. "One small" refers to the treatment of small valleys linked together to create scale benefits with thousands upon thousands of households working on thousands upon thousands of ditches and irrigation canals. Within the Ninth Five-Year Plan period, we shall, by taking advantage of the situation of treating the water pollution of Huai He, strengthen in an all-round way the protection of water resources with each valley as a system; establish and develop a network of river water quality monitoring; reinforce the supervision and management of passages of waste discharge into rivers; and focus on the protection of water resources at the sources of water supply.

To Actively Develop Hydroelectric Generation and Promote the Building of Counties Whose Rural Areas Are Electrified at a Primary Level

During the periods of the Seventh Five-Year Plan and the Eighth Five-Year Plan, over 300 counties nationwide have been electrified to a preliminary extent by developing medium-sized and small hydroelectric projects. During the Ninth Five-Year Plan period, we shall increase the installed capacity of hydropower generation by 10 million kilowatts in conjunction with the comprehensive improvement and exploitation valley by valley, and build another 300 electrified counties with a primary level of sophistication of rural hydroelectric generation. This way, we can bring electric lighting to more mountainous villages and enable more peasants to end poverty and become richer.

To Unswervingly Implement the Strategy of Boosting Water Conservancy Development by Means of Science, Technology, and Education

During the Ninth Five-Year Plan period, we shall concentrate on the following three projects: Water-efficient irrigation, dredging and sand removal, and popularization and application in our country of the underground engineering shield technology. In order to boost the development of water conservancy by means of science and technology, we must put education in an important position. We shall strive to create the following three contingents by working hard on education: A well-structured contingent of outstanding academic experts and technologists who can take on the challenge of new technology from the rest of the world; a contingent of entrepreneurs who have an awareness of socialist market economy, understand enterprise operation, are good at management, and can lead their

enterprises in domestic and international competition; and a contingent of party and government cadres who have both political integrity and ability and are able to shoulder important leadership responsibilities in this and the next centuries. Only through satisfying these three contingencies can we be successful in the cause of water conservancy.

PRC: 'Yearender' Looks at 1995 Peasants' Income
OW1602094196 Beijing RENMIN RIBAO in Chinese
28 Dec 95 pp 1, 4

["Yearender": "Five Percent of Far-Reaching Significance — Reviewing Peasants' Income in 1995"]

[PTS Translated Text for FBIS] Drought, floods, hailstorms, waterlogging.... The natural disasters which hit the country one after another in 1995 created many difficulties in agricultural production. However, statistics recently released by the State Statistical Bureau tell us that after putting an end to years of fluctuations last year, a substantial increase has been achieved in peasants' income this year. In the first three quarters, peasants' per capita cash income was 1,127 yuan, an increase of 287 yuan over the corresponding period a year ago, which represented a real increase of 12 percent after allowing for price rises. Per capita net income for the whole year is expected to reach 1,500 yuan, or a real increase of over 5 percent after allowing for price rises, the fastest growth rate in peasants' real income in recent years.

What merits attention is that this has effectively put an end to the situation in which the rate of increase in peasants' real income has been trailing behind the increase in city dwellers' real income for eight years since 1987. For the first time, the rate of increase in peasants' income surpasses that of urban dwellers' income by a comfortable margin. A significant narrowing of the regional gap between peasants' income is also witnessed.

Reasons for the Increase

Generally speaking, the increase in peasants' income this year is the combined result of three factors, namely, price rises in agricultural products, the rapid growth of township enterprises, and the optimization of the agricultural structure.

According to statistics, primary industry remains the primary source of peasants' income this year. Due to the inertial effect of increases in the price of agricultural products in 1994, peasants' enthusiasm for growing grain is high. Thus, despite repeated natural disasters, we still managed to reap a good harvest this year, with grain output exceeding the 1994 figure by more than 10 billion kilograms, the output of oil-bearing crops increasing by over 1 million tons, and the output of

sugar-bearing crops increasing by more than 4 million tons. This lays a good foundation for an increase in peasants' income. Primary industry accounts for over 60 percent of peasants' income this year.

The year 1995 is also a year in which township enterprises have been able to maintain a good momentum of growth. The sales revenue of township enterprises is expected to approach the 5 trillion yuan mark. The percentage of income from township enterprises in the total income of peasant households has been on the rise since 1989 and will exceed 30 percent this year. What is particularly encouraging is that the development of township enterprises in the central and western regions has accelerated. In many provinces and autonomous regions, the growth rate even exceeds that in the east. This changes the previous situation in which the central and western regions solely relied on agriculture to increase their income.

The traditional mode of agricultural development which mainly goes after overall increases in the output of agricultural products has also undergone a change in 1995. The mix of crops has been optimized, and in many places "three-high" agriculture has become the principal means which peasants rely on to increase their income. Some places have gradually changed the dual structure of farming, that is, the growing of grain and economic crops, into a ternary structure which combines the growing of grain crops, economic crops and feed crops. According to a sample survey of 67 villages in central China by the departments concerned, income from livestock breeding accounts for 27 percent of peasants' income. Much greater importance has been attached to the intensive processing of farm and sideline products in many places. In some of the coastal areas, the increased value of processed farm products is more than double the value of primary products.

How To Look At the Rate of Increase This Year

Peasants' income has shown a substantial increase this year. This, coupled with the fact that the state has lowered the proportion of the unified purchase and sale of farm and sideline products, means that there is a bigger increase in peasants' disposable income and in the input of funds for rural economic development. This creates an opportune moment for peasants to readjust their industrial structure, for the development of township enterprises, for increasing the total supply of farm products, and for increasing labor productivity.

This year, peasants' net income has shown an increase of more than five percent over the previous year, while the net income of urban inhabitants is four to five percent more than in 1994. Although on the surface

this only means a difference of less than one percent, it is nonetheless a difference of far-reaching significance. As we all know, under the planned economic system, barriers between town and country are institutionalized not only because peasants cannot freely choose their own jobs and move to other regions, but also because urban inhabitants are given all kinds of welfare benefits and privileges. In the years before the commencement of reform and opening up there was a big gap in the disposable income of urban and rural inhabitants. The reform of the rural economy gave peasants the first taste of the fruits of reform, and the staggering gap between town and country started to narrow. Between 1978 and 1984, the rate of increase in peasants' income outstripped that of the living expenditure income of urban inhabitants. For a time, the income gap between urban and rural inhabitants was narrowed to 1.71:1 from the previous ratio of 2.37:1. However, the income gap gradually widened after that. By 1994, it had again expanded to 2.6:1. This year, the rate of increase in peasants' net income again outstrips that of the net income of urban inhabitants. This is not a revival in the simple sense, but represents a cycle of a higher order. Experts regard this year as the best year as far as the proportional relationship between industry and agriculture goes. This not only helps the improvement of worker-peasant relations and the promotion of the coordinated development of town and country, but lays the foundation for the coordinated development of town and country in the future. A Note of Disharmony in the Chorus of Growth [subhead]

Of the 1,500 yuan earned by the average peasant this year, 35 percent is in physical form (grain, vegetables, and fuel). They only have about 900 yuan in disposable cash. As estimated by the departments concerned, it will require at least 700 yuan to maintain a basic livelihood (with enough to eat and keep oneself warm) under the existing price index.

Although there is a bigger increase in peasants' income this year compared with the past, our task is by no means small in our efforts to attain the target of achieving a comparatively well-off standard of living by the year 2000. This year's income only amounts to 840 yuan at 1990 constant prices, which means we are still 360 yuan behind the comparatively well-off standard. This means that if we really intend to achieve a comparatively well-off standard of living as planned, we must increase peasants' net income by at least 7.2 percent annually over the next five years. In this sense, we must ensure a growth rate higher than this year's five percent over the next five years. Otherwise, our target of achieving a comparatively well-off standard of living will fall through.

Despite a slight narrowing in the income gap between town and country this year, the overall consumption capacity of peasants is still 10 to 12 years behind that of urban inhabitants. This not only has a tremendous negative impact on China's consumer industry and consumer market, but affects the benign cycle of the national economic system as a whole. If this contradiction continues for a long time, the normal development of our national economy and the building of the market economic system will be affected. Thus, further efforts to preserve the momentum of increase in peasants' income not only means more money in peasants' pockets, but affects the sustained and steady growth of the national economy as a whole.

What is more, the problem of regional imbalance in peasants' income has not been fundamentally resolved. In 1995 the per capita income of peasants in the Pearl River Delta exceeds 4,000 yuan, while the per capita income of the 270 million people in southwestern and northwestern China (excluding Xinjiang) is less than 900 yuan. The difference between the most affluent and the poorest provinces is as much as seven times. Some experts have pointed out that such regional imbalance in peasants' income will pose an obstacle to the achievement of a comparatively well-off standard of living. This issue has aroused ample attention.

PRC: Profit From High-Tech 'Torch Program' Cited

OW1502125596 Beijing XINHUA in English
1227 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — China's 6,000 high-tech industrialization projects - known as the "Torch Program" - reaped profits of 15.5 billion yuan last year, a government official said today.

Wang Ruiming, director of the Office for the Torch Program attached to the State Science and Technology Commission, said the total sales volume of the 6,000 firms reached 73 billion yuan last year.

The program includes such hi-tech projects as electronics, machinery building, new materials, bio-technology and energy.

He said 1,765 projects were designated by the state as national ones, and these accounted for 80 percent of last year's total income of technology transfer, trade and industrial production.

Approved by the Chinese government in 1988, the Torch Program was designed to industrialize new, high technology achievements. The aim was to meet the challenge of the new technology revolution and invigorate

the national economy and improve the comprehensive national strengths.

PRC: Steel Production Targets for Year 2000 Set
OW1502145196 Beijing ZHONGGUO XINWEN SHE in English 1152 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (CNS) — China has set its target for metallurgical industrial development: it will strive for steel output of no less than 110 million tonnes and steel products output of 96 million tonnes by 2000; annual gold output will be 150 tonnes.

According to the Ministry of Metallurgical Industry, China's metallurgical industry plans to intensify its reform and step up its development during the current Five-Year Plan. The industry will enrich the variety of steel products, improve their quality and increase their quantity to satisfy the demands of various economic departments. A modern corporate system will be basically set up in the industry and intensive economic growth will be achieved. A number of large groups of enterprises with annual turnover of more than RMB (Renminbi) 100 million will become the industry's mainstay.

Foreign capital will be actively sought and more advanced equipment introduced to reduce environmental pollution.

PRC: Coal Enterprises Urged To Pay Workers Promptly

OW1502121296 Beijing XINHUA Domestic Service in Chinese 1442 GMT 13 Feb 96

[FBIS Translated Text] Beijing, 13 Feb (XINHUA) — Speaking at a national conference on social security work for the coal industry today, Minister of Coal Industry Wang Senhao said: "General Secretary Jiang Zemin and Premier Li Peng are extremely concerned about coal workers' livelihood. We cadres at coal enterprises must be concerned with their well-being. Failure to pay coal workers promptly must not happen again!"

Recently, when Wang Senhao led a comfort team from the Ministry of Coal Industry to "deliver warmth" [offering cash or material assistance] to coal workers in a number of Heilongjiang's mining bureaus, he discovered that some bureaus had not paid their workers promptly. The Ministry of Coal Industry has tried to resolve this problem, making it their priority task. At a 6 February anticorruption conference held by the State Council, Premier Li Peng brought up this matter in particular. He pointed out: For various reasons, workers at a number of enterprises are having difficulties in their livelihood. In light of this, the CPC Central Commit-

tee and State Council organized mass organizations and others to launch "delivering-warmth" activities to workers. He stressed: Leading cadres at all levels must have a mass viewpoint. When inspecting work at the grassroots level, responsible persons of the State Council and its ministries and commissions must go deep among the masses, visit the poor, and help them resolve practical issues. This should be a strong point in our socialist country.

To implement Premier Li Peng's instructions, the Ministry of Coal Industry announced the method and measures for resolving difficulties encountered by workers in their daily life. The method and measures adopted are: To appropriate 630 million yuan to be used as reserve for losses, to establish a 1-billion yuan fund to be used as loans, to collect 40.86 million yuan as a support-the-poor fund, and to accelerate the withdrawal of currency from circulation. At the same time, it issued a circular on earnestly carrying out work to ensure a happy spring festival for workers. It made overall arrangements to resolve the difficulties encountered by workers in their livelihood and to ensure production safety, clean government, proper handling of complaints, and the assignment of personnel to stand-by duty during the spring festival.

It has been learned that various mining bureaus are vigorously launching "delivering-warmth" activities and use any and all means to raise funds to resolve the question of workers' wages. The Heilongjiang Coal Administration and its four subordinate mining bureaus, particularly the Qitaihe Mining Bureau, took the wage issue seriously, regarding it as a serious political task. They adopted various measures to resolve this issue, including establishing an internal bank, setting up a special payroll fund, stepping up loan repayment, seriously reconciling accounts, abolishing the practice of allowing leaders to have designated vehicles, and cutting down on expenditures.

It was learned that to ensure prompt wage payment and a happy spring festival for workers, the ministry has asked top party and government leaders at all levels, particularly mining bureau directors, to assume full responsibility for ensuring prompt payment of wages to workers. It also asked all subordinate units to ensure that the January and February wages are in workers' hands before the spring festival to help them overcome the difficulties encountered in food, clothing, and housing. Units which owed workers large amounts of wages and pensions at the end of 1995 must use any and all means to raise funds to give them one month of pay or pension. Those that owe only a limited amount of wages must pay their workers in full during the first half of 1996, while those owing a considerable amount of wages

must pay before the end of 1996. In line with state regulations, all departments and units must set up a wage reserve account. No department or unit is allowed to be behind in wages or pension payment. Funds established by the state for use as wages or pension must be used as such; they should not be used for other purposes under any pretext.

At today's conference, Wang Senhao specifically announced: "All coal enterprises must promptly pay their workers and retirees without delay. They must gradually pay the workers their back wages within this year. This will be the primary responsibility of the leader of every enterprise. Anyone who fails in this is unsuitable for the job and must resign."

***PRC: Prospects for Developing Northwest Outlined**

96CM0109A Shanghai JIEFANG RIBAO in Chinese
22 Nov 95 p 1

[Article by correspondents Gu Yuxiang (7357 3768 4382), Zheng Zhengshu (6774 2973 1859), and Hu Zhigang (5170 1807 6646): "West Begins To Heat Up"]

[FBIS Translated Text] China's west is a hot prospects area.

Our visit to the west coincided with the convening of the Central Committee's Fifth Plenary Session. The CPC Central Committee's strategic decision to speed up the west's development and opening to the outside world has greatly encouraged the rank and file of cadres in Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang. They say happily that the present offers a once in a thousand years opportunity for development of the west. These old lands will occupy a critical position in China's future economic pattern.

The warming of the west began in the early 1990s. Leaders of the five provinces and autonomous regions report that with the advent of the 1990s, Central Committee leaders Jiang Zemin, Li Peng, Qiao Shi, and Li Ruihuan made separate inspection tours of Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang. Between May and October 1995, Zhu Rongji, Hu Jintao [5170 6930 3447], Li Lanqing [2621 1526 3237], Wu Bangguo [0702 6721 0949], Zou Jiahua [6760 1367 5478], and Jiang Chunyun [1203 2504 0061] also made separate inspections of areas concerned in the greater northwest. The travel to the northwest of so many Central Committee leading comrades within a half year prior to the Fifth Plenary Session was a rarity in the past.

As we traveled from east to west along national highway 312, we realized the vastness of the land and the richness of resources in China, and we also appreciated how

unbalanced the economy is between east and west. As the land rises from east to west, the economy declines. Despite the considerable development of the economy in the midwestern provinces and autonomous regions and northward during the past 15 years of reform and opening to the outside world, the gap with the eastern coastal region has gradually widened. During the 30 years between founding of the People's Republic in 1949 and 1979, the gross output value of the eastern, central, and western parts of the country grew at an average 6.81:6.78:7.25 ratio, the western region growing somewhat faster than the eastern region. During the 15 years between 1980 and 1994, the ratio was 19.88:16.20:15.78, the eastern region's growth being markedly higher than the west's. Ninety percent of the country's 592 impoverished counties are concentrated in the midwest, and nearly 50 million of the country's more than 70 million needy people live in the midwest.

Such a large difference in the economy of the country east and west is attributable largely to natural conditions and historical reasons. During our visit to the greater northwest, we saw the loess highlands, the limitless Gobi, and great bald mountains, in addition to which transportation lagged, and the industrial input-output ratio was relatively low. In view of this situation, the government began the economic development of coastal regions in the early 1980s, which enabled the eastern region to apply its geographical and policy strengths for rapid movement to the fast track of development, after which it could spur development of the west. This conception was both a major strategy for China's economic development, and also a new approach for narrowing the gap between east and west and eliminating imbalance. Western leaders entirely understood this Central Committee policy. Ningxia Hui Autonomous Region Chairman Bai Lichen [4101 4539 1820] said that it now appears that without the more rapid development of the eastern region and its accumulation of wealth for the country, new development of the western region would be impossible. Many engineering departments in Ningxia have been built with support from the central government during the past several years. Recently the central government also decided to invest 2.6 billion yuan to help Ningxia carry out the "Huang He diversion project," and to help 1 million people shed poverty. These are also momentous matters to which the people of the west have looked forward.

The Central Committee Fifth Plenum's strategy for accelerating the building of the west expresses the desires of the rank and file of cadres and the masses in the west. Yan Haiwang [7051 3189 2489] told us excitedly that the Central Committee's advancement

of the date of plans for development of the western economy is entirely in keeping with the realities of both the west and China. It holds important significance. Now we must act according to the spirit of the Central Committee to draft a new Ninth Five-year Plan and a development plan through 2010. They must be speeded up. In particular, more rural work must be done, and development of township and town enterprises must be accelerated.

During our visit, we had a profound sense that conditions are favorable for development of the west in that it has plentiful resources. Although the five northwestern provinces rank in the middle range of GNP, all of them below the twentieth position, their development potential is very great. The key lies in how to convert their advantages in resources into economic advantages. Reportedly, in Qinghai Province alone, reserves of subterranean resources are worth 12.8 billion yuan. The province has 123 different minerals and ranks first in the country in five of them. Clearly, exploitation of the potential of western resources is important for China's economic takeoff in the coming century. One economist estimates that by early in the next century, China's southeastern coastal region will rely on the midwestern region for approximately 50 percent of its electric power, and it will rely on the greater northwest for more than 60 percent of its raw and processed materials. The west rapid development of water, electric power, coal, and raw and processed materials will also stimulate the development of a large number of industries. The central authorities have already approved large scale development of natural gas in Shaanxi, expansion of Gansu's nickel, platinum, cobalt, and chlorinated rare earths production capacity, and increase in Ningxia's mining of premium quality coal. They have authorized Qinghai to go all out in attracting firms to develop the Tsaidam Basin; and they have approved Xinjiang's opening of new oil fields. A new high tide has begun to form for the all-around building of the greater northwest.

The unbounded enthusiasm of top level prefecture and municipal leading cadres whom we met during our visit to the greater northwest also made a profound impression on us. They are not waiting or depending on others; they have full confidence about being able gradually to narrow the gap between east and west.

On trains, planes, and motor vehicles in the west, one meets people from Jiangsu, Zhejiang, Shandong, and Shanghai at every turn. Money, human talent, goods, technology, and information is flowing into the west from the east, vying for entry into this huge treasure land. The west is heating up.

Finance & Banking

PRC: Major Banks Set Focus of Loans for 1996

OW1602113996 Beijing RENMIN RIBAO in Chinese
16 Jan 96 p 2

[Article by Shi Mingshen (2457 2494 1957): "Four Major Banks Fix Focal Points of Loans This Year"]

[PTS Translated Text for FBIS] Beijing, 15 Jan (RENMIN RIBAO)— Today, the Industrial and Commercial Bank of China [ICBC], the Bank of China [BOC], the People's Construction Bank of China [PCBC], and the Communications Bank of China [CBC] called a meeting for their home branch heads in Beijing. In line with the central bank's requirement to continue exercising a moderately tight monetary policy, actively push forward the reform of the financial system, and transform the operational pattern of credit funds, these commercial banks, which occupy a decisive position in China's monetary industry, have each defined the stress of its credit policy.

The Industrial and Commercial Bank of China. The ICBC shall impose strict control over total credit and make readjustments to its credit structure. The bank is to extend revolving fund credit as a positive support for the agriculture-aid industry and for the processing industry that mainly relies on agricultural and sideline products as its raw materials; and as a support for state-owned large and medium-sized enterprises with satisfactory economic efficiency, especially 1,000 key enterprises, 56 enterprise groups, and three major state share-holding companies. This year, the People's Bank will introduce the system of lead bank in 1,000 key enterprises; as for enterprises which take the ICBC as their lead bank, the ICBC shall offer special support in terms of capital, foreign exchange, settlement, and information. With a view to ensuring ample market supply, the bank shall offer vigorous support for commercial enterprises in their efforts to expand purchase and sale. More preferential credit measures shall be adopted towards 50 major and medium-sized cities. Enterprises which are plagued by stockpiling products and debts during production will be urged to limit their production, reduce stocks, enhance the production-marketing ratio, and bring idle capital into circulation; while enterprises which have showed hope of eliminating losses can be granted loans upon approval of their immediate high monetary authorities under the prerequisite that these enterprises have worked out practical and reliable plans to eliminate their losses and repay their bank loans. Meanwhile, the bank shall ensure a proper use of fixed assets loans with a view to supporting the technical transformation of enterprises.

The Bank of China. The BOC shall take vigorous steps to support and coordinate the various reform measures to be adopted by the state this year. Efforts will be made to formulate, at an appropriate time, operating methods guiding foreign investment enterprises to enter the bank's system of exchange settlement and sales; basing on experience gained from experiments, work in close coordination with the customs and foreign trade departments, and improve and spread the account system of tax marginal deposits for imported materials of the processing trade; earnestly implement the newly promulgated statistical and declaration methods for international balance of payments, and offer assistance for improving the operational procedures; and participate in experiments with the establishment of a unified national interbank loan system and with the open market business of the central bank in an active and steady manner. As for major state-owned enterprises and enterprise groups which occupy a dominant position in the national economy and enjoy special support from the state, the BOC shall offer support in terms of credit and settlement. Meanwhile, the bank will continue supporting the exports of well-marketable goods which can bring sound economic returns, reinforce the coordination between banks and foreign trade departments, and enhance the quality of the bank's credit assets while assisting foreign trade enterprises to accelerate their fund circulation and improve their operational management.

The People's Construction Bank of China. The PCBC shall firmly implement the development strategy of relying on and supporting major industries, trades, and enterprises. The bank will give priority to establishing a long-term and stable bank-enterprise cooperative ties with basic industries, pillar trades, and such dominant industries as the construction industry; with pillar enterprises which enjoy a strong economic strength and have a great bearing on the national economy and the people's livelihood; with major enterprises that are paying large amounts of taxes for their handsome profits; and with advanced enterprises which enjoy advanced management, a relatively high credit standing and respectability, a rational assets-liability level, a strong loan-repayment ability, and a fairly great influence within the relevant trade or region. Meanwhile, the bank shall vigorously promote its intermediate businesses; act as a satisfactory agent of noncommercial banks and central organs; do a good job in noncommercial businesses, such as undertaking the collection of provident funds and handling the capital of estate sales; and extend self-managed loans as a preferential support for the state's comfortable-housing project and for the construction of economical houses and ordinary commercial houses. Meanwhile, the bank will also impose a strict control over fixed assets loans and revolving

fund credit to bring both below the scale or ratio allowed by the People's Bank; and ensure a 100 percent assessment coverage of fixed assets loans.

The Communications Bank of China. In 1995 the CBC administered its operation in line with strict rules according to the law, and made headway in promoting its business on a comprehensive scale. The annual profit of the whole bank totalled 5.5 billion yuan, registering a 10 percent growth over the previous year. In 1996 the bank will make continued efforts to deepen reform and improve its internal management mechanism under the legal person system. The bank's headquarters will add to the weight of its bank-wide uniform capital allocation, and pool funds that are much needed for supporting the national economic and social development; persistently regard the projects and enterprises selected for receiving the bank's credit as breakthrough points, and intensify the readjustment of the credit structure; amass large amounts of capital to support enterprises which enjoy a market share, a sound economic efficiency, a strong loan-repayment ability, and a rational assets-liability ratio. Meanwhile, the bank will also take an active part in the operation of the national bond market, the nationwide uniform interbank loan market, and the financing certificates buy-back market of the central bank.

Foreign Trade & Investment

PRC: Zhu Rongji Says Overseas Recruiting To Continue

OW1502151896 Beijing XINHUA in English
1417 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — China will continue to attach importance to and strengthen the work of importing overseas intelligence and personnel while expanding personnel exchanges and co-operation with the rest of the world.

Zhu Rongji, a member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee and Vice-Premier of the State Council, made the statement here today at a meeting with some foreign experts working in China.

The recruiting of overseas personnel and intelligence, and the expanding of international personnel exchanges and co-operation constitute an important component of the Chinese government's policies of reform and opening to the outside world and are important measures for the country's modernization drive, Zhu said.

China will not change its basic policy of recruiting overseas personnel, Zhu said, adding that more overseas experts are welcome to come to China no matter for how long.

On behalf of the CPC Central Committee and the State Council, Zhu extended his regards to overseas experts working in China at a time when the traditional Spring Festival is approaching. He also thanked all those experts working in China for their contribution to the victory of the Chinese revolution and to China's economic construction.

Chinese leaders, the Chinese people and history will not forget those who have made outstanding contributions to China in all historical periods, Zhu said. "They are staunch friends and comrades of the Chinese people," he added.

More than 520,000 overseas experts have worked in China since 1949, of whom about 490,000 came to China in the past 17 years since China instituted the policy of reform and opening up.

Briefing the 60 overseas experts from more than a dozen countries who were present at the meeting on China's domestic situation, Zhu said China's economic growth in the past 17 years has been one rarely seen anywhere in the world. At present, he stressed, China enjoys political stability, sustained economic development, good social order and unity among all nationalities. The Chinese people are confident of their bright future, he said.

Present at the meeting were Vice-Premier and Foreign Minister Qian Qichen, State Councillors Li Guixian and Luo Gan (who is also secretary general of the State Council), and leaders of relevant departments of the CPC Central Committee and the State Council.

PRC: Foreign-Funded Enterprises Contribute Taxes

*OW1502072196 Beijing XINHUA in English
0123 GMT 15 Feb 96*

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — Foreign-funded enterprises in China are helping the country's economy by paying millions of yuan in taxes.

Last year, northwest China's Ningxia Hui Autonomous Region levied more than 93 million yuan in industrial and commercial taxes from foreign-funded enterprises, a rise of almost 20 percent.

In Nanjing, capital of east China's Jiangsu Province, foreign-related taxes surged by 62 percent to 760 million yuan.

Foreign-related taxes ballooned because the number of overseas-funded enterprises increased.

A total of 393 foreign-funded enterprises have been established in Ningxia. By the end of 1995, Nanjing had opened its doors to 2,882 foreign-funded enterprises.

Those enterprises have expanded from labor-intensive sectors, such as services, to technology and knowledge-intensive ones.

In Ningxia, 60 percent of the enterprises are found in such fields as energy, development and process of raw materials.

In Nanjing, 77 percent of foreign-funded enterprises have started to pay taxes. Those in the electronics, machinery and chemical industries contributed as much as 400 million yuan in taxes, and four of them each paid taxes worth more than 10 million yuan.

PRC: Indebtedness of Foreign Business Rises

*OW1502143896 Beijing ZHONGGUO XINWEN SHE
in English 1145 GMT 15 Feb 96*

[FBIS Transcribed Text] Shanghai, February 15 (CNS) — Indebtedness on the part of foreign business to local Chinese enterprises between 1988 and 1995 amounted to quite a large sum of money, according to Dun & Bradstreet Information Services (D&B) in an analysis of the foreign trade income and expenditure accounts of a large sample of mainland enterprises.

The main reasons for the outstanding debts, said Liu Yuan of the Shanghai Dun and Bradstreet Ltd, were fraud through uttering falsified L/Cs and invoices, commercial disputes arising from quality, quantity and delivery dates, the local firms' failure to negotiate better terms due to incompetence or inexperience and irregularities involving employees from both sides.

Mr. Liu further disclosed that some foreign companies, which were largely small business, set out to ensnare the local firms. "In the beginning, they try to gain the confidence of local businessmen by pretending to be honest merchants and starting with some small-valued deals. After they have won the trust of the Chinese businessmen, they then resort to deception."

By exploiting the inexperience and lack of management expertise of local international trading firms and China's incomplete foreign trading and bill clearance systems, certain foreign businessmen who had hitherto acted in good faith then changed their spots and resorted to deception of their local counter-party.

"Owing to the vast differences between the foreign and mainland business environment and practices, local enterprises has to immediately pay closer attention to debt recovery," Mr. Liu pointed out.

Mr. Liu also advised local firms to seek the advice of reliable, well-known business information agencies to check the trustworthiness and financial viability of prospective clients as well as agreeing on payment methods prior to signing

PRC: Foreign Investment Sought for Coal Gas Projects

HK1502033596 Hong Kong CHING CHI TAO PAO in Chinese 15 Jan 96 No 2454, p 33

[From "China Economic News" column: "Foreign Entrepreneurs Allowed To Become Shareholders and Exclusively Invest in Coal Gas Projects"]

[PTS Translated Text for FBIS] Known as a "green" energy resource with great potential, coal gas has been listed as a priority item in China's 15-year coal industry development plan and as a new strategic pioneering item in China's Ninth Five-Year Plan.

According to Coal Industry Minister Wang Senhao, coal gas exploitation and utilization is of great significance to the country's energy structural improvement, environmental protection, and coal mine production safety. Coal gas exploitation requires less investment, yields quick benefits, and needs a longer cycle. The country's coal gas development in recent years shows that coal gas exploitation input and output are approximately in the ratio of one to five.

Since the Eighth Five-Year Plan, China's coal, geological, mining, and petroleum departments and local governments have built and extended over 50 coal gas exploitation projects and built gas tanks totalling some 0.65 million cubic meters and gas pipelines totalling some 0.62 million meters by using state appropriations, funds earmarked for substituting oil with gas, and various types foreign loans. As a result, the country now supplies coal gas to more than 0.2 million households with total annual coal gas consumption exceeding 400 million cubic meters.

A person in charge of a relevant department of the State Council has of late disclosed that China will soon adopt a series of preferential policies toward coal gas exploitation projects, including suspension of coal gas-related energy compensation charges, reduction and exemption of coal gas sales taxes, more input in coal gas-related technological research projects, and so on. Furthermore, China will also encourage foreign companies to invest in China's coal gas projects or enter into cooperation with the Chinese companies in this connection, energetically help foreign companies arrange funds for coal gas projects based in China, and allow foreign entrepreneurs to become shareholders or exclusively invest in China's coal gas projects.

PRC: Beijing Mayor Meets With Swiss Executive
OW1402094196 Beijing XINHUA in English
0700 GMT 14 Feb 96

[FBIS Transcribed Text] Beijing, February 14 (XINHUA) — The ABB Group of Switzerland will increase its investment in China, said Alexis Fries, executive vice-president and president for the Asia-Pacific Region of the ABB Group.

He made the remark in a meeting with Li Qiyuan, mayor of the capital, here on Tuesday.

The ABB has invested more than 200 million US dollars in building 15 enterprises in China in recent years, four of which are based in Beijing.

Li expressed appreciation for ABB's investment in Beijing, and said that the municipal government will support the two sides to enlarge their co-operation, especially in the fields of infrastructure facilities, subway construction, and power industry.

Fries said that the success of the investment in Beijing is a boost to the group's confidence in enlarging the two sides' future co-operation.

He said he expected that the company would increase its investment in the Beijing Economic and Technological Development Zone.

Meanwhile, ABB's Asia-Pacific headquarters has already been shifted from Hong Kong to Beijing.

PRC: Beijing Municipality Encourages Foreign Investment

OW1402112596 Beijing ZHONGGUO XINWEN SHE in English 0715 GMT 10 Feb 96

[FBIS Transcribed Text] Beijing, February 10 (CNS) — — The Beijing Municipal Economic and Trade Commission has singled out foreign business enterprises operating in the Capital as the most important resource for its economic development in 1996.

Last year, 676 foreign firms were approved to operate in Beijing of which 36.5 percent were involved in the high-tech. The 5,600 that now operate in the capital come from 80 countries and regions.

In the meantime, the local authority is keen to make use of foreign investment to boost expansion in retailing, technology, service industries and trade.

PRC: Foreign Capital Continues To Pour Into Fuzhou*OW1502143796 Beijing ZHONGGUO XINWEN SHE in English 1106 GMT 15 Feb 96*

[FBIS Transcribed Text] Fuzhou, February 15 (CNS)—According to Fuzhou Municipal Foreign Trade and Economic Commission, the city approved 678 foreign-funded projects last year. The contracted foreign capital was U.S.\$3.227 billion and the actual utilization was U.S.\$1.125 billion, both respectively showing increases of 46.3 percent and 15.9 percent over 1994.

The city made every effort to improve its investment environment and provide quality services to attract foreign investors. Its foreign trade and economic departments alone received more than 300 foreign businessmen last year and dealt with 310 complaints from these investors. The city also reviewed over 200 export-oriented and technology-intensive foreign-funded enterprises and continued to provide them with preferential policies.

As for Taiwanese investment, 167 Taiwanese-funded enterprises were approved by the city last year with contracted Taiwanese capital of U.S.\$1.678 billion, an increase of 450 percent over 1994.

Foreign investors continued to increase their investment in the city. Some 199 existing foreign-funded projects attracted more additional investment amounting to U.S.\$1.794 billion, accounting for more than half of the total foreign capital inflow last year.

PRC: Major Insurance Firm Backs Gansu's Foreign Investors*OW1602082496 Beijing XINHUA in English 0657 GMT 16 Feb 96*

[FBIS Transcribed Text] Lanzhou, February 16 (XINHUA) — The People's Insurance Company of China (PICC), the country's No.1 insurer, has provided 61 billion yuan worth of coverage for the foreign-related economy in northwest China's Gansu Province over the past five years.

To better serve foreign investors, PICC's Gansu branch has come up with policies for everything from imports, transportation, and equipment installation to responsibilities, investment, and profits of employers. More than 90 percent of the foreign-funded enterprises have become clients of the branch.

Foreign trade is now covered by the company to the tune of 771 million yuan, with 13.855 million yuan paid in indemnities, and it has underwritten an irrigation project sponsored by the World Bank, a chemical fertilizer plant, and a titanium plant.

To develop tourism in Gansu, it has insured all individual overseas visitors, extending the service to cover all foreign tourists who may visit the many historic relics such as Dunhuang, whose caves date back to 366 A.D. and contain Buddhist statues, frescoes, and valuable manuscripts.

The branch has also provided policies for a highway in Zimbabwe built by a Gansu firm and a Singapore well-drilling-platform installed by a Gansu factory.

PRC: Shanghai's Minhang Zone Focuses on Foreign Investment*OW1502152196 Beijing XINHUA in English 1440 GMT 15 Feb 96*

[FBIS Transcribed Text] Shanghai, February 15 (XINHUA) — Over the past ten years the Minhang Economic and Technical Development Zone in this, China's largest metropolis achieved 7.36 billion yuan in pre-tax profits, with the annual growth rate hitting 121 percent.

This is attributed in great part to the zone's overseas investment focus on industrial, export-oriented, and technology-intensive production.

With an area of 3.5 sq km, it has 130 foreign-funded enterprises and has attracted 1.3 billion US dollars in investment from 17 countries and regions.

Of the enterprises, 110 have gone into operation in the fields of meters and instruments, machine building, medical apparatus, fine chemicals, daily-use chemicals, metal processing, building materials, machinery and electronics.

Well-known transnational firms and consortiums have invested in 29 projects in the zone, 20 of which boast more than 15 million US dollars in total investment each.

The past ten years have seen the zone make more than 31 billion yuan in industrial output value and earn 2.36 billion US dollars in foreign exchange.

Agriculture**PRC: Grain Production in Hebei Hits Record High***OW1602060396 Beijing XINHUA in English 0221 GMT 16 Feb 96*

[FBIS Transcribed Text] Shijiazhuang, February 16 (XINHUA) — Grain production in north China's Hebei province hit the highest level in history last year.

Statistics show that total grain production in the province reached 27.3 billion kg in 1995, 2.1 billion more than the previous year.

The credit for the record goes to the construction of water conservancy projects and the application of new technology.

In recent years, the province has introduced water conservancy measures, mainly by digging wells, diverting and storing water while taking steps to reduce wastage of water.

Scientific progress also contributed greatly to the grain production increase.

PRC: Inner Mongolia Urges Effort To Reduce Peasant Burden

SK1602061296 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 12 Feb 96

[FBIS Translated Text] Recently, the general offices of the autonomous regional party committee, regional people's congress standing committee, and regional government jointly issued a circular urging conscientious efforts to publicize and carry out the policies and regulations aimed at reducing the burden of peasants and herdsmen, and it also called for doing a better job in relieving peasants and herdsmen from heavy burdens.

The circular noted: The new year festival is coming. To solve the peasants' and herdsmen's complaints that the burden is too heavy and the burden is on the rise again; to protect and mobilize the peasants' initiative for production; and to lay a good foundation for the agriculture, animal husbandry, and rural and pastoral areas work this year, all localities should achieve success in the work of the following four respects:

First, it is imperative to take further steps to implement the leadership responsibility system, and solemnly reaffirm as well as strictly implement the three-points law. The projects causing unreasonable burden should be removed in a determined manner, and the projects, though reasonable, failing to conform to the reality should be resolutely stopped. The examination and approval of projects to collect fees should be temporally stopped, and all the activities promoting to fulfilling goals but increasing burden for peasants and herdsmen should be stopped. The resumption of the collection of some fees, which have been canceled, should be banned, and there should be no excuses. All localities should strictly see to this matter in compliance to the requirements of the central authority, and curb the rise of any ideas to collect fees as well as the illegal resolution setting burden quota to be 5 percent. For those units increasing the burden of peasants and herdsmen, we should hold them and their leaders responsible. We should take reducing the burden of peasants and herdsmen as one of the important criteria in assessing the party spirit, the legal system's concept, and achievements of leading bodies

and leaders, and conduct a management system for fulfilling tasks.

Second, it is imperative to make great efforts to publicizing all the policies and laws aimed at reducing the burden of peasants and herdsmen, and strictly conduct law-enforcement inspection. The Inner Mongolia Autonomous Region's regulations for supervising and managing the burden of peasants and herdsmen, approved by the seventh session of the eighth autonomous regional people's congress, are the basic legal basis for the work. All the banners and counties should print and distribute the regulations to rural areas, and, through holding training classes and through forms such as meetings, radios, televisions, newspapers, magazines, and street campaigns, extensively publicize the regulations, so to make the broad masses of cadres and people know the regulations and observe them when handling business. Meanwhile, we should print and distribute to the party and government cadres at and above the township and town level the speeches made by General Secretary Jiang Z'emin and Premier Li Peng in 1992 on reducing the burden of peasants and herdsmen. After improving the concept, we should organize peasants and herdsmen to supervise management departments and finance, price control, and legal system departments. The people's congresses at all levels should play the role of coordination, and conduct law-enforcement inspection on the implementation of the State Council's three-point law and decree to check the wanton collection of fees, donations, and fines, and accumulation and unified retention of funds. When conducting inspection, we should, in accordance with the real situations of different localities, educate cadres and people to tell the legal practices and illegal ones.

Third, conscientious efforts should be made to arrange budget and final accounting and auditing, and strengthen the supervision impetus. All localities should follow the fees, quota and [words indistinct], set forth by the regulations, and take the laws for supervising the burden of peasants and herdsmen as the means to do a good job in [words indistinct]. Any projects, as long as involving collecting fees from peasants and herdsmen, should be known to the public. The ideological and political work should be conducted in an in-depth manner, and all the contradictions rising from distribution of interests should be properly handled. For those households seriously hit by calamities and suffering from poverty, we should reduce, exempt, or delay their payment of fees. We should seek truth from facts and take into consideration the income of peasants and herdsmen in a view to stipulate the 1996 basic plan for the burden of peasants and herdsmen, and [words indistinct] according to the stipulations.

Fourth, it is imperative to promote supervision of the mass and public opinion to strictly handle the practices against the law and discipline. All localities should proceed from their own situations, and strengthen all the practices of law-enforcement inspection, people reporting against some matters, investigating and handling cases, and supervision of public opinions. The party and governmental leaders at all levels and the leaders in charge of specific tasks should go deep down to the grassroots, and find the truth of matters, and guide the work to reduce the burden of peasants and herdsmen in a specific manner. For those problems on which peasants and herdsmen make a lot of complaints, we should conscientiously handle them and [passage indistinct] For those cases against the order and discipline and causing bad effect among people, we should handle them openly. For the malpractice of wantonly collecting fees, donations, and fines and the price hike of the production means, all related departments should make joint efforts and conduct special administration to these problems. All department, trades, and professions should inspect and correct themselves on collecting fees related with peasants, and screen and revise the stipulations involving the burden of peasants and herdsmen and publicize them to the society.

PRC: Tibet Makes Investment To Boost Animal Husbandry

OW1602092996 Beijing XINHUA in English
0838 GMT 16 Feb 96

[FBIS Transcribed Text] Lhasa, February 16 (XINHUA)
— The Tibet Autonomous Region will invest 11 million

yuan this year to boost animal husbandry, a major money-maker in the region.

A local government official said that the central and regional governments had allocated seven million yuan to Coqen County and four million yuan to Amdo County. Both are major livestock producers in the region.

The money will be spent to upgrade animal husbandry infrastructure in the two counties. Measures include enlarging the acreage of meadows, improving the breed of livestock and spreading new techniques.

The average per-capita income of the herdsmen in the two counties is expected to reach 1,500 or 2,000 yuan as a result of the program, the official said.

The average per-capita income of Tibetan rural residents was 885 yuan last year.

East Region

PRC: Fujian's Overseas Labor Services Booming
OW1602061296 Beijing XINHUA in English
0230 GMT 16 Feb 96

[FBIS Transcribed Text] Fuzhou, February 16 (XINHUA) — East China's Fujian Province provided 30,900 people for overseas labor service in 1995, up 28.6 percent over the previous year, according to a recent conference on foreign economy and trade here.

The conference also revealed that by the end of last year 43,800 people had been sent overseas for labor service by the province, 27.9 percent more than in 1994, a record high.

Fujian is one of China's important bases for providing such service.

Last year the provincial government issued a series of policies to strengthen legal supervision of this sector.

In order to better ensure the healthy development of overseas labor service, this provincial capital, Putian City and some other areas established specialized agencies to coordinate the management in this respect.

According to official statistics, the province has sent workers to more than 50 countries and regions, such as Singapore, Israel, Hong Kong and Macao, winning contracts worth 270 million US dollars last year, up 22 percent over 1994.

Meanwhile, the business turnover in the sector was 200 million US dollars in 1995, up 31 percent.

PRC: Jiangsu Issues 1995 Statistical Communiqué
OW1602111396 Nanjing XINHUA RIBAO in Chinese
30 Jan 96 p 8

["Statistical Communiqué of the Statistical Bureau of Jiangsu Province on 1995 Economic and Social Development — January 1996"]

[FBIS Translated Text] Nineteen ninety-five was the last year of the Eighth Five-Year Plan. During the year, the people of the whole province, under the leadership of the provincial party committee and the provincial government, conscientiously carried out the central authorities' principle of "seizing the current opportunity, deepening reform, opening China wider to the outside world, promoting development, and maintaining stability" and further strengthened and improved macro-control. As a result, the economy continued to grow at a higher rate. The living standards of the urban and rural population improved considerably. New progress was made in all fields of undertakings. According to initial statis-

tics, the gross domestic product [GDP] for the whole year amounted to 515 billion yuan, an increase of 15.4 percent over the previous year. Of that figure, the added value of tertiary industry was 155 billion yuan, up 14.3 percent. The proportion of the added value of primary industry, secondary industry, and tertiary industry to the GDP was 16.3 percent, 53.5 percent, and 30.1 percent respectively. The major problems in economic operation were difficulties in production and operation encountered by some enterprises, weak agricultural foundation, higher rate of price rises, and the slow pace in the shifting of economic growth mode.

I. Agriculture, Forestry, Animal Husbandry, and Fishery

Various areas attached importance to and strengthened their leadership over agricultural production, implemented the relevant policies on agriculture and the economy, and considerably increased investment in agriculture. As a result, the province reaped an overall bumper harvest last year. The added value of agriculture, forestry, animal husbandry, and fishery for the whole year amounted to 84.5 billion yuan, up 9.2 percent over the previous year, becoming the second high-growth year since 1985. Of the figure, the added value of agriculture was 55.7 billion yuan, up 8.5 percent over the previous year.

Among the output of major farm products, the output of grain and cotton increased; the output of oil-bearing crops hit an all-time high; and there were increases and decreases in the output of vegetables, fruits, silkworm cocoons, and other produce.

The output of major farm products was as follows:

1995 (tonnes)	Increase over 1994 (%)	
Grains	32,863,000	5.2
of which: cereals	31,079,000	5.8
legume crops	882,000	-8.8
tuber crops	902,000	-0.5
Cotton	561,000	22.8
Oil-bearing crops	159,600	19.5
of which: rapeseed	109,500	24.8
Beetroot	6,000	-74.5
Cured tobacco	2,000	6.3

Jute, ambary hemp	5,000	-27.3
Silkworm cocoons	173,000	-12.0
Tea	11,000	-11.4
Fruits	95,000	21.0

Progress was made in forestry production and construction and in extending green belts. In 1995, the new afforested area throughout the province was 413,000 mu. The output of major forest products increased to some extent.

Livestock production continued to grow, and the output of meat, eggs, milk, and other animal products increased.

The output of major animal products and the number of livestock in stock were as follows:

	1995	Increase over 1994 (%)
Pork, beef, and mutton	2,175,000 tonnes	9.3
Cows milk	101,000 tonnes	1.3
Pigs removed from stock	27,549,000 head	8.0
Year-end pigs in stock	21,195,000 head	7.0
Year-end sheep in stock	12,755,000 head	18.6
Large animals in stock	1,230,000 head	9.8
Eggs	1,700,000 tonnes	9.8

Steady progress was made in fishery production. The output of aquatic products for the whole year was 2,195,000 tonnes, up 21.6 percent over the previous year. Of this figure, the output of freshwater products was 1,544,000 tonnes, up 20.6 percent, and that of marine products was 651,000 tonnes, an increase of 23.9 percent.

The structure of agricultural production was further adjusted. The added value of forestry, animal husbandry, and fishery output and that of commodity industries run by peasant households accounted for 36.4 percent of the total added value of agriculture, up 2 percentage points over the previous year.

Increased investment in agriculture improved the conditions for agricultural production. In 1995, the provincial budget allocated 1.93 billion yuan, or an increase of 21.9 percent from the previous year, for supporting agriculture and expenses in agricultural and forestry water conservancy facilities. At the end of the year, the surplus of agricultural loans totaled 8.91 billion yuan, 42.3 percent more than that at the end of 1994. By the end of 1995, the total power of farm machinery in the province reached 22.265 million kw, an increase of 3 percent. There were 23,000 large and medium tractors, up 7 percent; 750,000 small and walking tractors, and powered machinery with a total of 5.09 million kw for agricultural drainage and irrigation; and the last two figures were basically the same as the previous year. There were also 24,000 trucks for agricultural use, up 11.3 percent. A total of 2.91 million tonnes of chemical fertilizers (100 percent effective content equivalent) were applied in 1995, up 7.1 percent. Rural consumption of electricity in the year was 23.54 billion kwh, an increase of 14.3 percent from 1994.

Problems hampering the development of agriculture were mainly: a drastic increase in prices of agricultural means of production, failure to effectively check the trend of rapidly diminishing farmland, stagnation in farmland capital construction, and agriculture's weak capability to resist natural disasters.

Non-agriculture trades, mainly village and township enterprises, continued to grow rapidly. Non-agriculture economic sectors in rural areas, such as industry, building trade, transportation and wholesale, retail trade, and food catering, grew 33.6 percent over 1994; and their total ratio to the rural economy rose to 84.7 percent from 83.9 percent in the previous year.

II. Industry and Building Trade

Industrial production continued its rapid growth. In 1995, the total added value of industry reached 250 billion yuan, an increase of 17.2 percent over the previous year. Of this total, the added value of light industry was 127.75 billion yuan, up 17.3 percent; and that of heavy industry was 122.25 billion yuan, up 17 percent.

Product mix was readjusted; energy, raw and semi-finished materials, industries for agricultural use, and other major products grew steadily; and coal, electricity, chemical fiber, cement, and chemical insecticides overfulfilled the plan.

The output of major industrial products was as follows:

	1995	Percentage Increase over 1994
Yarn	734,000 tonnes	14.5
Cloth	3.03 billion meters	8.5
Wool fabric	151,354 million meters	57.9
Machine-made paper and paper board	1.138 million tonnes	13.7
Salt	2,384 million tonnes	-16.1
Synthetic detergents	203,000 tonnes	7.8
Household washing machines	902,000	13.4
Household refrigerators	115,000	-51.1
Electric fans	17,697 million	63.2
TV sets, including	5,129 million	4.6
color TV sets	2,531 million	16.0
Coal	22,217 million tonnes	-4.9
Crude oil	1,018 million tonnes	10.6
Crude oil processed	9,846 million tonnes	7.2
Electricity	70.09 billion kwh	12.1
Steel	3.47 million tonnes	2.5
Rolled steel	5.9 million tonnes	4.5
Pig iron	2.42 million tonnes	23.8
Cement	34,271 million tonnes	13.3
Plate glass	8,475 million weight boxes	109.2
Sulfuric acid	1,613 million tonnes	11.5
Soda ash	578,000 tonnes	4.0
Caustic soda	499,000 tonnes	18.9
Power-generating equipment (500 kw and over)	787,000 kw	-3.7

	1995	Percentage Increase over 1994
Metal cutting machine tools	33,000	1.4
Motor vehicles	153,000	1.8
Tractors (large and medium)	2,000	172.7
Chemical fertilizers (100 percent effective content equivalent)	1.74 million tonnes	11.1
Chemical insecticides	95,000 tonnes	38.1
Chemical fiber	765,000 tonnes	9.6

Progress was made in economic structural reform. Experimentation in the establishment of a modern enterprise system was carried out in all fields, with 90 pilot enterprises at the state and provincial levels approved and implemented. The stock system was steadily carried out at selected enterprises. A total of 4,000 stock enterprises were established, including 13 limited liability stock companies, and 3,987 limited liability companies. Efforts were stepped up to establish large enterprise groups and to assist the development of superior enterprises; and work to establish and build up 10 provincial-level enterprise groups was basically completed. To make state assets available for investment and to combine the change of enterprise operational mechanisms with efficiency of scale and institutional innovation, the provincial government approved three enterprises to experiment with the management of state assets. A large number of small and medium enterprises in various sectors deepened reform through amalgamation, merger, shifting to other lines of production, leasing, auction, and other forms of managing assets.

The economic efficiency of industrial enterprises improved to some extent, but it was still unsatisfactory. The amount of profits and taxes delivered to the state in 1995 by village and township industrial enterprises practicing independent accounting came to 46.15 billion yuan, up 16.5 percent over the previous year. The overall labor productivity (calculated in terms of the added value of constant prices) increased 19.7 percent. Efficiency in the use of energy further increased. The comprehensive energy consumption per 10,000-yuan output value by industrial enterprises at and above the county level which consumed 5,000 tonnes of energy per year

was 3.12 tonnes (standard coal), a drop of 8.2 percent over the previous year. In 1995, the composite efficiency index of industrial enterprises was 105.3, up 6.2 percentage points over the previous year. However, the amount of funds tied up by finished manufactured goods was high, and the amount of funds on account increased. As a result, some state enterprises experienced difficulties in production and operation, and the amount of losses rose.

Construction continued to develop steadily. In 1995, the added value of construction was 25.5 billion yuan, up 20.9 percent over the previous year. The total floor space of buildings under construction by state-owned construction enterprises was 23.036 million square meters, an increase of 36.4 percent over the previous year, with 5.287 million square meters completed during the year, up 5 percent over the previous year. The overall labor productivity was 53,493 yuan, an increase of 3.2 percent.

III. Investment in Fixed Assets

The management of investment in fixed assets throughout the province was strengthened, and the growth rate of investment was rational. The total investment in fixed assets of the province in 1995 was 164.9 billion yuan, up 23.9 percent over the previous year. Last year, the rate of increase of investment in fixed assets was the slowest since 1992, about 37.9 percentage points lower than 1992 and 35.9 percentage points lower than 1993.

Of the total investment in fixed assets, investment made by state-owned units was 53.46 billion yuan, up 11.9 percent over the previous year; 9.001 billion yuan was made by urban collective units, an increase of 17.9 percent; 45.12 billion yuan was made by rural collectives, up 9.6 percent; and 21.28 yuan was made by individuals in urban and rural areas, up 21.6 percent. Of the total investment by the province, investment in capital construction was 35.16 billion yuan, up 27.9 percent; that for technical innovations and transformation was 21.91 billion yuan, up 28.5 percent; and that in real estate was 23.06 billion yuan, an increase of 51.3 percent. In 1995, capital construction projects and technical innovation and transformation projects under construction numbered 7,517, about the same as that of the previous year. The investment in the projects of the central government was 13.48 billion yuan, an increase of 22.1 percent, and that of the local governments was 43.58 billion yuan, up 26.3 percent.

The investment structure continued to improve. Of the investment in capital construction and technical innovations and transformation, the investment in energy was 8.16 billion yuan, up 41.8 percent, with the ratio rising from 12.9 percent to 14.3 percent; that in raw

materials was 7.23 billion yuan, up 97.7 percent, with the ratio rising from 8.2 percent to 12.7 percent; that in agriculture, forestry, animal husbandry, and fishery was 200.8 million yuan, an increase of 37.7 percent, the same level as in the previous year; that in transportation and posts and telecommunications was 13.35 billion yuan, up 58.9 percent, with the ratio rising from 18.9 percent to 23.4 percent; and that in education, culture, health care, and broadcasting undertakings was 3.22 billion yuan, up 41.8 percent.

Further progress was made in key construction projects and infrastructural projects. Most of the annual plans for key construction projects were fulfilled or overfulfilled. The Wangyu and Taipu River and other projects in the Tai Hu basin were carried out according to plan, and some initial results were achieved. Construction of such key projects as the Nanjing-Shanghai Superhighway, the Nanjing-Lianyungang and Nanjing-Nantong first-grade highway, and the Lukou airport in Nanjing, went on smoothly. A total of three large and medium-sized capital construction projects and 19 above-normal technical innovation and transformation projects were completed and put into operation.

IV. Transport, Post and Telecommunications

Communications and transportation continued to grow. The added value of the sector in 1995 was 21.4 billion yuan, an increase of 13.8 percent over the previous year, accounting for 4.2 percent of the province's GDP.

The volume of transportation by various means (entire province) was as follows:

	1995	Increase over 1994 (%)
Volume of freight transport	137.54 billion tonne-km	13.2
Railways	40.4 billion tonne-km	7.6
Highways	28.43 billion tonne-km	16.8
Waterways	65.91 billion tonne-km	10.2
Pipelines	3.16 billion tonne-km	-3.3
Volume of passenger transport	63.82 billion person-km	8.9
Railways	15.73 billion person-km	-5.8

	1995	Increase over 1994 (%)
Highways	47.84 billion person-km	16.4
Waterways	250.00 million person-km	-25.1
Cargo handled at various ports	207.18 million tonnes	7.5

Post and telecommunications services continued their fast growth. The added value of business transactions in 1995 was 4.5 billion yuan, up 39.3 percent over the previous year. Total business transactions in 1995 totalled 7.23 billion yuan, an increase of 39.6 percent; business income came to 6.54 billion yuan, up 39 percent. The number of telephone lines increased by 1.917 million to reach 5.948 million by the end of the year; the number of city telephones increased by 1.146 million, and that of rural telephones rose by 771,000. The number of private telephone subscribers in urban and rural areas increased by 994,000 to reach 2.546 million. All urban and rural telephone numbers in the province were 7-digit numbers. Both the scale and technology of the telecommunications network improved to a new level.

V. Domestic Trade and Market Prices

The domestic market of consumer goods was stable and brisk. The total retail sale of consumer goods for the whole year was 164.5 billion yuan, up 27.7 percent over the previous year; the real growth was 11.7 percent if price hikes were deducted. The monthly price hike rate remained fairly stable, while the gap between the monthly price hike rate continued to narrow. The sales of consumer goods in cities and county seats hit 107.2 billion, up 27.6 percent, while the sales in rural areas lower than the county level topped 57.3 billion yuan, an increase of 28 percent.

The volume of retail sales of consumer goods by various types of commercial enterprises grew in an all-round way. Of these, the non state-owned commercial enterprises were even brisker, and their ratio continued to rise. In 1995, the volume of retail sales of consumer goods by state-owned commercial units totalled 47.8 billion yuan, up 18.5 percent; that by collective commercial units was 53.4 billion yuan, an increase of 20.8 percent; and that by other types of commercial units topped 63.3 billion yuan, up 43 percent. The share of state-owned commercial units in the total sales of consumer goods dropped from 31.3 percent in 1994 to 29.1 percent in 1995. However, that of non state-owned com-

mercial units rose from 68.7 percent in 1994 to 70.9 percent in 1995.

The market for the means of production was stable. In 1995, the total sales of means of production in the whole province was 129.8 billion yuan. The real growth was 23.9 percent over the previous year if price hikes were deducted.

Steady progress was made in establishing a market system. In 1995, 17 commodity circulation enterprise groups were established, and approval was given for the establishment of 12 provincial commodity markets. The scale of markets continued to expand. Last year, there were 227 markets in the province with an annual sales volume exceeding 100 million yuan, 27 with an annual sale between 1 and 5 billion yuan, three with an annual sale of between 5 and 10 billion yuan, and one with an annual sale of over 10 billion yuan.

Marked results were achieved in curbing excessive price rises. All parts of the province took various measures and means to impose strict control on the scale of consumption funds, of money supply, and of fixed-assets investment; to strive to increase effective supply and have tighter supervision; to seriously implement "Jiangsu Province's Regulations on Price Management and Supervision", "Jiangsu Province's Regulations on the Management of the Peddlers' Market," and a number of decrees and regulations; and to further perfect the accountability system on price control by objectives so that excessive price rises were curbed and the inflation rate was declining monthly, with an increase of 14.3 percent in commodity retail prices throughout the province, thus realizing in a better way the price control target set at the beginning of the year. However, the foundation of price cuts is still weak and the pressure of price rises is still large.

The percentages of all kinds of price rises over the previous year were as follows:

1. Resident consumption prices	15.8
(1) Food	20.9
in which: Grain	39.8
Oil	11.5
Poultry and their products	24.6
Fresh vegetables	24.2
(2) Clothing	17.0
(3) Household devices and appliances	6.4

1. Resident consumption prices	15.8
(4) Medical and health care	11.1
(5) Means of transport and communication	0.5
(6) Recreational, educational, and cultural articles	7.3
(7) Housing	10.9
(8) Services	21.5
2. Commodity retail prices	14.3
in which: urban areas	12.5
rural areas	15.6
3. Prices of means of agricultural production	26.9
4. Purchasing prices of raw and processed materials, fuel, and power	17.6
5. Factory prices of industrial goods	14.2
6. Prices of fixed-assets investment	7.4
7. Purchasing prices of farm produce	14.3

VI. Foreign Economic Relations

The entire province further opened itself up to the outside world and vigorously implemented the strategy of economic internationalization; and with its strong vitality, the open-style economy became the important driving force for the entire province's economic development.

Foreign trade continued to grow at a fast pace. The total volume of imports and exports run by enterprises during the year reached \$16.54 billion, up 28.1 percent over the previous year, in which the total volume of exports exceeded \$10 billion for the first time and reached \$11.53 billion, up 27.7 percent; the total volume of imports hit \$5.01 billion, up 29 percent. The structure of imports and exports was further improved. The volume of foreign-invested enterprises' exports during the year hit \$4.1 billion, accounting for 35.6 percent of the total volume of exports.

Actually-utilized foreign investment continued to rise. The total amount of actually-utilized foreign investment throughout the province reached \$5.3 billion, up 18.3 percent over the previous year. The number of newly approved foreign-invested enterprises throughout the province was less than that of the previous year, but the

amount of contracted foreign investment reached \$12.97 billion, which hit an all-time high and registered an increase of 52.2 percent over the previous year. There was a marked increase in the number of enterprises solely invested in by foreign businessmen, and a total of 964 such enterprises were newly approved throughout the province and the amount of contracted foreign investment was \$5.67 billion, up 38.3 percent and 180 percent, respectively. The scale of foreign-invested projects further expanded, and on average, every foreign-invested enterprise in the province had as much as \$3.2 million of contracted foreign investment, up \$1.5 million and 110 percent over the previous year. By the end of 1995, 14,931 foreign-invested enterprises throughout the province have gone into operation, up 2,047 over the end of the previous year.

New progress was made in the mode, sphere, and market of foreign economic and technological cooperation. The entire province signed \$670 million in new contracts for foreign contracting projects and labor cooperation and achieved a turnover of \$510 million, up 31 percent and 38 percent over the previous year, respectively. The pace of building the Suzhou Industrial Park and state- and provincial-level development zones was quickened.

International tourism continued to develop. The entire province received a total of 768,000 overseas tourists who travelled to and visited our province and who were engaged in all kinds of activities, among which 487,000 were foreigners, up 9.3 percent and 5.7 percent over the previous year, respectively; and the entire province's foreign currency earnings through tourism reached \$252 million, up 14 percent over the previous year.

VII. Finance, Banking, and Insurance Business

The entire province's financial and taxation, monetary, and price reforms further deepened. Budget management and the building of local taxation system were strengthened, the pace of the commercialization of professional banks was quickened, the financial market developed steadily, and two new commercial banks—the Nanjing Branch of the Pudong Development Bank and the Nanjing Branch of the Huaxia Bank—were founded. The pace of reforming the social security system was quickened, the coverage of endowment and unemployment insurance was widened, and the work of rural social endowment insurance was being vigorously carried out.

A balance in financial revenue and expenditure was achieved. Over the whole year, 34.99 billion yuan of financial revenue was taken in, of which 17.25 billion yuan was local financial revenue, up 19.3 percent and 26.3 percent over the previous year respectively; whereas financial expenditure reached 25.16 billion

yuan, up 25.7 percent. Of the local financial revenue, the collection of 12.99 billion yuan of industrial and commercial taxes (not including collective enterprises' and privately-run enterprises' income tax) was fulfilled, up 26.7 percent over the previous year.

The financial situation was basically stable. By the end of 1995, the balance of all kinds of deposits across the society was 350.05 billion yuan, up 35.9 percent over the end of the previous year. More loans were granted for supporting key construction projects, for adjusting the industrial structure, and for procuring farm and sideline products. The balance of loans throughout the province and across the society by the end of the year was 287.54 billion yuan, up 23 percent over the previous year. Money supply was basically normal, and a net amount of 8.03 billion yuan of currency was issued, which was 6.01 billion yuan less than in the previous year. By the end of the year, the balance of urban and rural residents' deposits throughout the province reached 192.23 billion yuan, up 42.1 percent over the end of the previous year.

The insurance business further developed. As much as 663.9 billion yuan's worth of domestic property and life insurance was underwritten by the People's Insurance Company and its affiliated organizations throughout the province. A total of 45,000 enterprises across the province joined the enterprise property insurance plans, 6.62 million residents joined the family property insurance plans, and 16 million people joined the life insurance plans. Insurance companies handled a total of 2.92 million cases of various claims and paid 1.59 billion yuan of compensation and other disbursement.

VIII. Science and Technology and Education

The contingent of scientists and technologists expanded. The whole province had 432 state-owned independent research and development institutes at and above the county level, 395 college-run scientific research institutes, and 1,600 scientific research institutes sponsored by large and medium-sized industrial enterprises. By the end of the year, there were 7,275 nongovernmental science and technology enterprises, of which 1,000 were newly established. By the end of the year, there were 1.804 million various types of professional technicians throughout the province. In scientific research institutes, colleges, and industrial enterprises with independent accounting, 415,000 personnel were engaged in scientific and technological activities, including 112,000 scientists and engineers. The whole province had 42 fellows of the Chinese Academy of Science and 14 fellows of the Chinese Academy of Engineering.

Marked results were achieved in scientific research. The whole province won 37 state-level major scientific and

technological achievements, including national natural science awards, five national invention awards, and 26 national science and technology progress awards; and won 321 province-level major scientific and technological achievements, including three first-class awards, 38 second-class awards, 106 third-class awards, and 174 fourth-class awards.

Progress was made in the construction of science and technology infrastructure. There were 17 key national laboratories built and under construction, nine national engineering technology research centers, 11 state-level enterprise technology centers, 32 key ministerial laboratories, 18 key province-level laboratories, and 10 province-level enterprise technology centers.

The technology market was becoming bigger and bigger. A total of 22,400 technology contracts were signed during the year, with the technology trade turnover reaching 1.82 billion yuan, up 31.5 percent over the previous year. There were 5,272 kinds of technology trade organizations employing 70,000 people, and the provincial technology trade market federation was established. The whole province had 153 enterprises reknown for science and technology consultation.

The process of turning new and high technologies into industries was accelerated. A total of 432 new and high technology enterprises and 909 new and high technological products were ratified by the provincial authorities. During the year, 926 state-level new products and 2101 province-level new products were verified. The four state-level new and high technological industrial development zones in Nanjing, Suzhou, Wuxi (including the Yixing Environmental Protection Industrial Park), and Changzhou, whose building was being accelerated, earned a total of 26.6 billion yuan in technological industrial trade, up 158 percent over the previous year. The construction of the Northern Jiangsu Spark Industrial Belt and 22 state- and province-level intensified spark technology zones was approved, with the gross output value for the whole year reaching 15 billion yuan.

New headway was made in educational undertakings. A total of 3,800 new graduate students were enrolled across the province, up 100 over the previous year; and the total number of graduate students was 10,900, up 1,300. A total of 67,500 new undergraduate students were enrolled in institutions of higher learning, up 1,300 over the previous year; and the total number of undergraduate students was 208,600, up 7,100. There were 318,700 students studying in various types of secondary specialized technical schools, up 71,600 over the previous year. Secondary vocational schools had 260,500 senior secondary school students, accounting for 54.6 percent of total student enrollment at the

senior secondary school level of the province. There were 3.1675 million students in junior secondary school and 6.4477 million pupils in primary school in the province. The enrollment rate of school-age children was 99.76 percent. Nine-year compulsory education was realized in 102 counties (cities, prefectures) and 2,020 townships and towns, registering an increase of 19 counties (cities, prefectures) and 302 townships and towns, respectively; and the rate of population coverage exceeded 95 percent, up 14 percent over the previous year. Meanwhile, considerable progress was made in preschool education and special education for children who are mentally retarded or physically handicapped.

Adult education was further consolidated and improved. During the year, institutions of adult higher education took in 54,200 new students, up 9.7 percent; and the total number of students enrolled was 132,900, up 20.9 percent. There were 180,900 students in adult secondary specialized schools, up 20,000 over the previous year. There were 29,600 students in adult junior secondary and adult primary schools, which was 70,100 less than the previous year. The literacy level of the youth reached 98 percent and the work of wiping out illiteracy was checked and accepted by the state. The educational modernization project in southern Jiangsu, the educational project in northern Jiangsu for helping people attain a comparatively well-off living standard, and the experimental work of modern vocational educational restructuring were fully implemented.

IX. Culture, Public Health, Sports, and Environmental Protection

Cultural undertakings developed steadily. By the end of 1995, there were 137 art performance groups, 110 cultural centers, 93 public libraries, 68 museums, 61 radio broadcasting stations, 21 medium- and short-wave radio transmitting and relaying stations, 52 television stations, and 153 television transmitting and relaying stations. Within the year, 1.5 billion copies of newspapers and 445 million copies of all kinds of books and periodicals were published. With the vigorous implementation of the "Five One" Project, a number of high-quality intellectual products in culture and art, film and television, and the theoretical and publishing fields were created. Fruitful results were achieved in the building of spiritual civilization among the masses.

Public health undertakings further developed. By the end of the year, there were 12,039 various public health bodies and 175,000 hospital beds in the province, which were basically the same as the previous year. There were 246,000 full-time health workers, of whom 112,000 were doctors, up 2.1 percent and 2.6 percent over the

previous year, respectively; and 64,000 nurses, up 2.5 percent. There were 263 sanitation and antiepidemic stations and special prevention and treatment centers in the province; and 8,850 professionals in this field, up 0.6 percent over the previous year.

Remarkable success was made in sports. The Third National Urban Games were successfully held, and our provincial delegation achieved unprecedentedly good results in our province's sports history by topping others in the number of gold medals, medals, total score, and sportsmanship. In international competitions, 11 players won 13 world championships in 10 events, seven players won eight world first runner-ups in six events, three players won three second runner-ups in two events, and one player broke a world record; and 15 players won 25 Asian championships in 18 events. In top-level national competitions, players from our province won 22 gold medals, 13 silver medals, and 24 bronze medals. A number of stadiums and gymnasiums were built or rebuilt. The "Whole Nation's Physical Exercise Program" was being vigorously implemented. The number of students from all types of schools at all levels throughout the province who reached the state's physical exercise standard accounted for 96.1 percent of the total number of students of the suitable ages to be tested.

Environmental protection undertakings were further strengthened. By the end of the year, there were 5,671 environmental protection personnel in the province, of whom 3,698 were scientific and technical personnel and 1,818 were environment monitoring personnel at and above the township level; and there were 110 various levels of environment monitoring stations. A total of 971 projects dealing with environmental pollution were fulfilled, and a total investment of 440 million yuan was completed within the year. A total of 236 smoke and dust control zones and 168 noise control zones, with an area of 1,166.3 square kilometers and 593 square kilometers respectively, were built. Intensive efforts are being made to comprehensively harness the Huaihe River and the Southern Jiangsu Canal, and the prevention and treatment of water pollution in the Taihu Lake has been listed as part of the state's and the province's ninth five-year plan. However, water pollution is still a serious problem for the province.

Population and Standard of Living

According to the results of the sample survey of one percent of the province's population, the birth rate for the whole year was 12.32 percent, down 0.146 percent from the previous year; and the mortality rate was 6.56 percent, down 0.03 percent. The natural growth rate declined from 6.64 percent in the previous year to

5.76 percent. By the end of the year, the province's population was 70.6602 million, up 454,800 over the previous year.

The living standard of urban and rural residents was further improved. The per-capita income of urban residents that could be used for living expenses was 4,209 yuan, up 21.6 percent over the previous year, or a real growth of 4.6 percent if price rises are excluded. The per-capita net income of rural residents was 2,457 yuan, up 34.1 percent over the previous year, or a real growth of 9.5 percent if price rises are excluded. However, the gap in earnings between different areas and professions widened and some low-income families found it even harder to make a living.

Labor reform was further deepened. A total of 215,000 urban residents were given new jobs, and by the end of the year, the registered unemployment rate in urban areas was two percent. The pace of reforming the social security system on old-age, work-injury, and child-bearing matters was quickened. A total of 6.107 million staff and workers and 1.39 million retired personnel in the province joined old-age social insurance; 2.124 million people from 40 cities and counties (cities) joined work-injury social insurance; and child-bearing social insurance funds were set up in 44 cities and counties (cities), which were joined by 227,000 people. By the end of the year, there were 9.081 million urban staff and workers in the province, down 17,000 from the end of the previous year. There were 659,000 privately-run enterprises employees and self-employed workers in the urban areas of the province, up 129,000.

Staff and workers wages further increased. The total wage bill for staff and workers in the province was 53.01 billion yuan, up 17.7 percent over the previous year; the per-capita wage of staff and workers was 5,860 yuan, up 17.8 percent, or a real growth of 1.4 percent if price rises are excluded.

Urban and rural living conditions continued to improve. By the end of the year, the per-capita living space of urban residents was 8.6 square meters, whereas that of peasants was 22 square meters.

Notes: 1. All figures in this communique are preliminary.

2. The absolute figures of the GDP and of various industries' added values quoted in the communique are at current prices, whereas growth rates are at comparable prices.

North Region

PRC: Beijing Mayor Marks Establishment of Education Commission

OW1502115896 Beijing XINHUA in English
1148 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — The Beijing Municipal Education Commission was established today as part of Beijing's effort to restructure government offices and promote educational development.

This was the result of the Beijing municipal government's decision to merge the Office for Cultural and Educational Affairs, the Municipal Education Bureau, the Municipal Higher Learning Bureau, and the Municipal Bureau for Adult Education in one organization.

Addressing a meeting to mark the event, Mayor Li Qiyang said that the commission will draw up plans for reforms and development of education in Beijing.

It will also coordinate efforts of all sectors of society in the field of education and unify management of basic, higher, vocational, and adult education, he added.

"The new commission will enjoy decision-making powers, as well as financial, planning, and personnel authority in education affairs in Beijing," he said.

Xu Xian, former secretary of the Chinese Communist Party Committee of Northern China Jiaotong University, is director of the commission, which has 23 percent fewer staff and workers than the former office and three bureaus.

PRC: Shanxi People's Congress Appoints New Officials

SK1502144896 Taiyuan SHANXI RIBAO in Chinese
20 Jan 96 p 2

[FBIS Translated Text] The 20th meeting of the Standing Committee of the Shanxi Provincial People's Congress, which was held on 19 January 1996, appointed Zhang Jishu as the vice chairman of the Legislative Commission of the Shanxi Provincial People's Congress Standing Committee; Yan Haoyong as the director of the Agriculture Department of Shanxi Province; and Gao Zhixin as director of the Grain Department of Shanxi Province. It removed Liu Yaozong from the post of director of the Agriculture Department of Shanxi Province.

**PRC: Tianjin Committee Meeting on
Anticorruption Work**

*SK1602053496 Tianjin People's Radio in Mandarin
2300 GMT 13 Feb 96*

[FBIS Translated Text] On 11 February, the municipal party committee and government held a meeting of leading comrades of districts, counties, and bureaus to relay and implement the guidelines of the sixth plenary session of the central discipline inspection commission, conscientiously study and implement the guidelines of Comrade Jiang Zemin's important speech at the sixth plenary session of the central discipline inspection commission and Comrade Li Peng's important speech at the State Council's fourth anticorruption work conference, worked out plans and made arrangements for this year's municipal work of building party style and administrative honesty and anticorruption work.

Gao Dezhan, secretary of the municipal party committee, attended the meeting and gave an important speech. He stressed: We should unite our thinking with the central guidelines, deepen understanding, exert greater efforts, strengthen leadership, firmly implement the work, carry out the municipal work of building party style and administrative honesty and anticorruption work in a more comprehensive, practical, and effective manner, unceasingly achieve new results, and provide a forceful guarantee for comprehensively fulfilling this year's various work targets and tasks.

Gao Dezhan, secretary of the municipal party committee, and Li Jianguo, deputy secretary of the municipal party committee, respectively presided over the morning and afternoon meetings. Liu Fengyan, secretary of the municipal discipline inspection commission, summarized the anticorruption work of 1995 and worked out plans for this year's anticorruption work.

At the meeting, (Zhao Guangming), secretary of Baodi County party committee, the municipal supervision bureau, and Jinghai County party committee, introduced their experiences in carrying out anticorruption work. Municipal leading comrades, including Li Shenglin, Fang Fengyou, Nie Bichu, and Liu Jinfeng attended the meeting.

In his speech, Gao Dezhan said: During recent years, we have achieved noticeable results in conducting anticorruption struggle. However, we should soberly recognize that some deep-rooted problems cropping up in the course of conducting anticorruption struggle have not been solved, and the anticorruption tasks have remained arduous. In addition to deeply recognizing the long-term nature and complexity of anticorruption struggle, we should also further enhance the sense of urgency and awareness, unswervingly and firmly carry out

this struggle, and unceasingly achieve new results. Gao Dezhan pointed out: During this year, party committees and governments at all levels and the discipline inspection and supervision departments should take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line as guidance, act in close connection with the central task of economic construction, uphold the three anticorruption work patterns, persist in taking both temporary and permanent measures and conducting comprehensive management, strengthen ideological and political construction, strengthen the inner party supervision mechanism, fight a good battle in each and every designated period for anticorruption struggle, deepen the struggle step by step, and strive to achieve actual results. Concerning the work of keeping leading cadres clean and self-disciplined, leading cadres at all levels should consciously observe all regulations and systems on keeping oneself clean and self-disciplined, implement each and every regulation, and achieve new progress through painstaking efforts. In investigating and handling cases, we should further give impetus to work, and concentrate efforts to achieve breakthroughs in handling a batch of influential major and appalling cases. While checking unhealthy trends in various trades, we should not only consolidate the existing achievements but should also make new progress in line with the demand. Gao Dezhan stressed: Party committees and governments at all levels should include the building of party style and administrative honesty and anticorruption work to the important agenda, and under the unified leadership of the provincial party committee, persist in making both party and government organs jointly carry out this work, organize and coordinate the efforts of all sectors, form a joint force, strictly implement the system of responsibility for carrying out the work of building party style and administrative honesty and anticorruption work, improve the leadership mechanism for anticorruption work, realistically make each level to attend to the work of the next level, each level guide the work of the next level, and each level management the work of the next level.

In his speech, Gao Dezhan said: Baodi County party committee and Comrade (Zhao Guangming) dared to carry out, manage, and attend to anticorruption struggle, set examples with their own conducts, strengthened the building of ideology and work style of leading bodies, paid attention to calming the feelings of the masses and mobilizing their enthusiasm, and promoted economic construction and all undertakings in the whole county. Their experiences are very good and convincing. The municipal party committee and government have called on all districts and counties and all departments, committees, offices and bureaus to study Baodi County party

committee's experiences in carrying out anticorruption struggle, building leading bodies, promoting all undertakings, and creating a new situation.

Liu Fengyan also gave a speech in which he put forward specific demands on fulfilling the main tasks of this year's anticorruption work. [passage indistinct] He said: In investigating and handling cases, we should continue to give impetus to handling cases, pay attention to some influential major and appalling cases, emphasize the investigation and handling of law and discipline violation cases involving party and government leading organs, administrative and law-enforcing organs, judicial organs, economic management departments and leading cadres at and above the county section level. We should concentrate efforts to investigate and handle cases on corruption, bribery, misappropriation of public funds, arrears of taxes, speculation with foreign exchange, smuggling, perverting justice for a bribe, dereliction of duty, making false reports and exaggeration. In checking unhealthy trends in departments and various trades, we should continue to regard checking illegal collection of fees and fines and illegal setting up of checkpoints on highways, unwarranted collection of fees in primary and middle schools, and random collection of fees, fines and forced donations from peasants as the priorities of checking unhealthy trends during the year, conscientiously clear up extrabudgetary funds and small departmental coffers, and exert strenuous efforts to check the unhealthy trend of arbitrarily collecting fees and forced donations from enterprises.

PRC: 'Binhai New Area' Leads Tianjing Economic Development

OW1502072696 Beijing XINHUA in English
0633 GMT 15 Feb 96

[FBIS Transcribed Text] Tianjin, February 15 (XINHUA) — The Binhai New Area, known as "Pudong of northern China", is heading economic development in Tianjin.

The area covers Tianjin Port, Tianjin Economic and Technology Development Zone, the Tianjin Bonded Zone and five districts in the eastern part of the city along the bank of the Bohai Sea.

It features metallurgical and chemical industries as well as commerce, banking and tourism.

It generated a domestic product totalling 24 billion yuan last year, an increase of 27.3 percent over the previous year and accounting for 26.3 percent of the city's total.

Binhai exported 1.01 billion U.S. dollars worth of goods last year, up 71 percent, and produced an industrial output value worth 37.4 billion yuan, up 39.44 percent.

The city government is currently accelerating the construction of infrastructure facilities in the area.

Northwest Region

PRC: Coal, Gold, Asbestos Aiding Development in Northwest

OW1602092596 Beijing XINHUA in English
0836 GMT 16 Feb 96

[FBIS Transcribed Text] Xian, February 16 (XINHUA) — Coal and gold are helping northwest China's Qinghai and Gansu Provinces to develop the Qilian Mountain Range on a large scale.

The mountains extend for over 1,000 km from west to east in the northwest, covering the Qinghai-Tibetan, Loess and Mongolian plateaus.

The two provinces have already issued a series of flexible policies governing funds, technology and talents to attract investors from coastal areas and from abroad. The provinces have repaired 3,000 kilometers of roadways since 1990.

Over the past two years, Qinghai's Qilian County alone has established five new asbestos enterprises, each with an annual production capacity of 1000 tons.

Nearly 300 enterprises are currently using resources, including 150 coal mines and 30 asbestos mines. They are capable of producing two million tons of crude coal, 4,000 tons of asbestos and 200 kg of gold, with a production value of over 500 million yuan (about 60 million US dollars) every year.

The mountains have more than 50 resources, with coal reserves of three billion tons topping the list. Asbestos reserves are estimated to be 27 million tons while gold resources in the mountain are widely distributed, with large reserves that are easy to extract.

PRC: Gansu Investing in Post, Telecommunications Growth

OW1602082396 Beijing XINHUA in English
0631 GMT 16 Feb 96

[FBIS Transcribed Text] Lanzhou, February 16 (XINHUA) — The inland and economically strapped province of Gansu, in northwest China, pumped three billion yuan into fixed assets in the post and telecommunications sector during the Eighth Five-Year Plan (1991-1995).

This was a 12-fold increase from the Seventh Five-Year Plan (1986-1990).

In the 1991-1995 period, the province increased local telephone capacity by 663,000 lines, six times that of

the previous five-year plan, bringing the total capacity to 769,000 lines.

Thanks to applications of optical cable, microwave, satellite, and program-controlled technology the province has dramatically upgraded its telecommunications networks and technical know-how.

Program-controlled telephones now account for 98.96 percent of the province's total, as against 13.2 percent at the end of the 1986-1990 period.

Seventy-three cities now have program-controlled telephones, instead of the one at the end of the previous period.

The business volume of the postal service jumped to 710 million yuan at the end of 1995, as against 170 million yuan at the end of 1990.

PRC: Small Enterprises Benefit From Heilongjiang Reforms

*OW1602085596 Beijing XINHUA in English
0818 GMT 16 Feb 96*

[FBIS Transcribed Text] Harbin, February 16 (XINHUA) — A series of reform measures have helped small and medium-sized enterprises in northeast China's Heilongjiang Province in overcoming their difficulties.

Statistics show that 18,086 small and medium-sized enterprises, 85.4 percent of the provincial total, transferred property rights last year. Property rights of 60 percent were sold entirely, and 20 percent partially, producing a diversified ownership structure.

More than 1,000 of them were either annexed by or joined other well-managed enterprise groups.

Consequently, the enterprises turned out a combined industrial output value of 46 billion yuan in the first 10 months of 1995, up 27.9 percent from the corresponding period of the previous year. This represents a 19.5 percent larger output than large and medium-sized state-owned firms.

Sales amounted to 20 billion yuan, up 47 percent from the same 1994 period.

Major reform initiatives included the issuing of shares, annexation, and leasing and selling of property rights.

PRC: Shaanxi Elects New Governor, Other Leaders

*OW1602054096 Beijing XINHUA Domestic Service
in Chinese 0934 GMT 10 Feb 96*

[By reporter Xu Zuhua (6079 4371 5478)]

[FBIS Translated Text] Xian, 10 Feb (XINHUA) — The just concluded Fourth Session of the Eighth

Shaanxi Provincial People's Congress today elected Wang Shousen [3769 1108 2773] as governor of Shaanxi. At a by-election, it elected Xu Shanlin [1776 1427 2651], Tang Jichu [0781 4921 0443], and Li Tianwen [2621 1131 2429] as vice chairmen of the Shaanxi Provincial People's Congress Standing Committee. It also elected Wang Farong [3769 4099 2837] as president of the Shaanxi Provincial Higher People's Court.

PRC: Xinjiang Party Committee Elects Leadership *OW1602054996 Beijing XINHUA Domestic Service in Chinese 1315 GMT 10 Feb 96*

[By reporter Liu Tongqi (491 0681 6386)]

[FBIS Translated Text] Urumqi, 10 Feb (XINHUA) — The first plenary session of the Fifth Xinjiang Uygur Autonomous Region CPC Committee was held today. It elected Wang Lequan as secretary of the Xinjiang Uygur Autonomous Region CPC Committee; elected Abdullahat Abdurixit (Uygur), Keyum Bawudun (Uygur), Zhang Wenyue [1728 2429 1471], Zhou Shengtao, and Aisihaiti Kelimubai (Kazakh) as deputy secretaries of the committee; and elected Zhou Yongshun [0719 3057 7311], Wang Chuanyou [3769 0278 0645], Hailiqiemu Silamu (female, Uygur), Li Fengzi, Abudureyimu Amiti [7093 0008 6757 2583 0181 2606 7093 4717 2251], Zhang Yunchuan, Chen Demin [7115 1795 2404], and Wu Dunfu as members of the regional party committee standing committee.

At its first session today, the Xinjiang Uygur Regional CPC Committee Discipline Inspection Commission elected Zhou Shengtao as secretary of the commission. It also elected Du Senmao [2629 2773 5399], Wahafu Sulaiman [3907 0761 3940 5685 0171 2581] (Kazakh), Nuerdong Tomur [0505 1422 2639 6993 2606 1422] (Uygur), and Guo Qingtai [6753 1987 3141] as the commission's deputy secretaries.

Taiwan: LI, Lien Speak at Islands on Military Crisis
OW1602031696 Taipei CNA in English
0156 GMT 16 Feb 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Matsu, Feb. 15 (CNA) Premier Lien Chan on Thursday asked troops stationed on the offshore island of Matsu to handle any possible contingency military crisis in a "resolute manner."

Lien, in a visit to the island, asked the Matsu soldiers to "strengthen military preparations while refraining from seeking provocative fighting," and not to be afraid of possible fighting intended to turn back an invasion.

He pointed out that national security should by no means infringe upon the enemy's goodwill, and neither should Taiwan rely on intervention by foreign allies. "Sufficient (military) capability is the most reliable strength," Lien said, referring to hopes by some people here that the United States would step in should Beijing launch an offensive against Taiwan.

Lien fired a salvo at Beijing, holding it fully responsible for the strained cross-strait ties on grounds that it has held a series of military maneuvers in southeast China since the onset of the year.

His remarks came amid reports the mainland's People's Liberation Army (PLA) is preparing for a 150,000-men military drill along the southeastern coast of Fujian Province. The maneuver is apparently intended to influence the first direct presidential race in the ROC.

While on Matsu, Lien visited the Matsu defense command and the regional election headquarters for President Li Teng-hui, who is running for re-election in the March 3 election.

Meanwhile, President Li campaigned on Kinmen (Quemoy) Island on Thursday. Despite arriving two hours behind schedule due to bad weather, Li was greeted on Kinmen by about 3,000 cheering supporters and pompous dragon-dance troupes.

Addressing the crowd, Li said the coming year will be the most crucial year in the history of China because it marks the first time the general public will be entitled to elect its head of state. The ideal of "popular sovereignty" initiated by Dr. Sun Yat-sen, the ROC founding father, more than [numeral indistinct] years ago, will finally be realized on Taiwan, a proud Li said.

Preaching his gospel of "pragmatic diplomacy," Li emphasized another meeting with Kinmen military officers and civilian leaders that the ROC government's moves to gain greater international recognition are a must for

the country's survival and dignity and "will by no means be altered simply because of Beijing's intimidation."

Li also repeated his appeal that hostilities between the two sides of the Taiwan Strait come to an end — which he said the people of the two sides have been longing for. "Whoever is elected the ninth ROC president must take the matter into serious account," he added.

Taiwan: Spokesman on Military Exercise, Perry's Accusations

OW1602064296 Taipei CHUNG-KUO SHIH-PAO
in Chinese 16 Feb 96 p 9

[By correspondent Hsu Shang-li (1776 1424 4409)]

[FBIS Translated Text] Peking [Beijing], 15 Feb — Speaking on communist troops' preparations for the forthcoming military exercise along the Fukien [Fujian] coast, Shen Kuo-fang [Shen Guofang], spokesman for the Chinese communist Ministry of Foreign Affairs [MFA], said that the MFA had no way to know the communist troops' movements and deployment, unless it made a deliberate attempt to "spy on military intelligence." This being the case, he said, he did not know whether there would be a military exercise very soon.

As for the accusations made by U.S. Defense Secretary Perry that the Chinese communists had acted irresponsibly because their missile tests and military exercises in the Taiwan Strait have caused tensions in the strait, Shen Kuo-fang indicated that the MFA was not in a position to make any comment on communist troops' movements. However, he countered the accusations by saying that the large quantities of weapons the United States has sold in this part of the world constitute one of the causes of the Taiwan Strait's tensions.

Shen Kuo-fang made the above statement at a regular press conference the Chinese communist MFA held today. At the conference, a Hong Kong journalist asked him to comment on the forthcoming military exercise that has been confirmed by the 150,000 communist troops having been amassed along coastal Fukien, and by the fact that ports nearby are now off limits to ordinary people.

Taiwan: 'Military Sources' on PRC Exercises Around Pingtan

OW1602032496 Taipei CHUNG-KUO SHIH-PAO
in Chinese 15 Feb 96 p 1

[By reporter Lu Chao-lung (0712 2507 7127)]

[FBIS Translated Text] Taipei — According to military sources, the Chinese communists will conduct their

forthcoming military exercise — which will primarily be combined operations of the three services — in areas around Pingtan, an offshore island of Fukien [Fujian] about 60 nautical miles south of Matsu. The sources indicated that, according to their judgment, the exercise will be conducted after the Spring Festival.

The sources added that the number of troops to take part in the exercise are not likely to be sizable since the size of the island selected for the exercise is quite small.

Meanwhile, the General Staff Headquarters is concerned whether the aircraft and ships taking part in the exercise will affect the military's normal operations of replenishing the offshore islands during the exercise. The military authorities have been studying the possibilities of all situations. However, they maintained that, should there be "provocations," garrison troops on the offshore islands will be able to defend the islands for a long, sustained period of time.

The Chinese communists' intention to threaten us is quite noticeable as they conducted their previous exercise on Tung-shan Island and will conduct the forthcoming exercise on areas around Pingtan Island, both of which are quite close to our offshore islands.

The military authorities are not sure whether the Chinese communists will reinforce the forces that will take part in the exercise. As far as Pingtan is concerned, because of limitations of the island's topographical features, the forces having been deployed by the Chinese communist authorities are already large enough for the combined tactical operations; but deployment of forces, they said, can be elusive as reinforcements can be moved away anytime and troops having been moved away can be redeployed for exercise in only one day.

Currently, the Chinese communists have deployed five permanent divisions and two supporting divisions along coastal Fukien. Altogether, there are about 150,000 troops of the naval, air, ground, armed police, and militia forces in the areas.

Taiwan: Ministry Says PRC Exercise 'Likely' Near Pingtan

*OW1602022296 Taipei CNA in English
0130 GMT 16 Feb 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 15 (CNA) — The Ministry of National Defense said on Thursday that data at its disposal suggest it is likely that Mainland China's planned military exercise will be staged around Pingtan Island, off Fujian Province.

There are an increasing number of signs that the military units around Pingtan are gaining reinforcement, but the military spokesman's office forecast that the anticipated maneuvers are not expected to be confined to that island.

Pingtan is about 60 kilometers away from the ROC [Republic of China] military-controlled Matsu Island.

The office said it will continue to keep a close eye on military movements of the People's Liberation Army [PLA] in that area, and promised to make public updated information.

The ministry earlier this week refuted foreign new reports that the PLA is amassing as many as 400,000 troops for the coming military drill, estimating that no more than 150,000 troops will be involved.

But it is still not clear when the military exercise, which observers said is intended to influence Taiwan's first direct presidential election on March 23, will take place.

Taiwan: Military Ready for Possible PRC Invasion

*OW1602064696 Hong Kong AFP in English
0607 GMT 16 Feb 96*

[FBIS transcribed Excerpt] Taipei, Feb 16 (AFP) — Taiwan has simulated counter-attacks against possible invasion by China as the mainland masses troops along its Fujian province coast opposite the nationalist island, high-ranking military officers said.

If Beijing should convert an exercise into an invasion, Taiwan would mobilize warplanes to bomb mainland military targets, they said.

The officers comments were made at a briefing for media executives late Thursday on cross-Taiwan Strait tensions. Reports on the briefing were carried in the press Friday. Their names were not given.

The briefing followed public accusations that defense authorities had kept people in the dark about the island's combat readiness in face of Chinese sabre-rattling.

The officers said the armed forces had worked out various defense plans to prepare the island for a military attack from China.

They said Taiwan would do its utmost to avoid war, despite the military provocations. They believed reunification with China should be not be settled by violence.

But they admitted that a missile attack from China would be devastating.

A war would cause tragedy to all Chinese people and should be avoided, the officers added. [passage omitted]

Taiwan: Military Strengthens Island, Offshore Defenses

OW1602133496 Taipei CHUNG-KUO SHIH-PAO
in Chinese 13 Feb 96 p 2

[FBIS Translated Text] According to a source, in view of the possible "military threat" from the Chinese communists, in recent months the military has been actively examining its plans for defense operations. It has also held high-level meetings to discuss possible war scenarios and has adopted specific measures to strengthen war preparedness and its ability to cope with emergencies.

According to a disclosure, the subjects discussed at the recent meetings of the General Staff Headquarters include such issues as should an alarm be sounded if Chinese communist fighter aircraft cross the mid-point line in the Taiwan Strait for reconnaissance purposes, the time (different according to different services) needed for the armed forces to restore their fighting capacity after enduring the first attack wave, as well as the amount of time needed to mobilize reserves.

It has been learned that the General Staff Headquarters has attached great importance to war preparedness arrangements on the offshore islands. In addition to stockpiling ammunition, firepower, and food, the General Staff Headquarters hopes to complete deployment of anti-aircraft missiles on an offshore island this month. Moreover, it has directed that defense be strengthened at the shore-based missiles already deployed. It has been learned that since assuming the post of chief of the General Staff, General Luo Pen-li has visited the offshore islands frequently. This reflects both his style of running the armed forces and the strong defenses of the offshore islands.

Regarding the arrangement of fighting strength on the island of Taiwan, the General Staff Headquarters has examined and adjusted the tactical application of the strategic reserve force. Although the garrison status of the relevant strategic reserve force remains unchanged, its tactical position has been adjusted.

Besides, after President Li Teng-hui directed the armed forces to stockpile ammunition at a military meeting, the General Staff Headquarters has started a plan code-named "Refined and Solid Defense II" (jing shi er hao 4737 1395 0059 5714). It has also worked out a plan to manufacture ammunition domestically as well as to purchase ammunition from abroad. It has been learned that the military has completed a military budget for the relevant matters.

Taiwan: Officials Do Not Rule Out 'Counteroffensive Action'

OW1602122396 Taipei China Broadcasting
Corporation News Network in Mandarin
2300 GMT 15 Feb 96

[From the "Hookup" program]

[FBIS Translated Text] In face of the Chinese communists' show of force and military threats, high-ranking military officials have disclosed that if our side comes under Chinese communist missile attacks, our side will not rule out the possibility of taking positive counteroffensive action, including military counteroffensive action.

During his inspection of the Matsu Defense Command yesterday (15 February), Premier Lien Chan spoke in connection with tensions between the two sides of the strait, saying we should never place hopes on the enemy's goodwill for national security, and still less should we rely on intervention by any friendly ally, adding that only our own strength is most reliable.

Lien Chan said that in the face of the current situation, our strategic principle is: We must not fear to fight; we must be prepared against war but must not seek war; we should refrain from taking provocative actions but will not evade responsibilities; and we will handle any possible military crisis in a resolute manner.

In a briefing yesterday, the military stressed that if our side is subject to paramilitary action by the Chinese communists, we should [words indistinct] disputes, avoid escalating conflicts, and try to reduce confrontation, but we will not show weakness by running away. We will fight courageously. However, if the Chinese communists escalate their paramilitary action to military action, our side will be able to handle it calmly in addition to being daring and able to fight. The military officials indicated that we will never take the initiative to provoke war, but we have the determination to die defending our national territory. If the Chinese communists really launch an attack on Taiwan, we will not be [words indistinct] a force.

Meanwhile, the president went to Kinmen [Quemoy] yesterday to extend Lunar New Year greetings to soldiers and people there. He also joined officers of the Defense Command in analyzing the situation. Addressing a meeting, the president said the coming general election for the president of the Republic of China is of epoch-making importance in the history of our country because it marks the first time in the Republic of China that people will vote directly to elect their head of state. This not only represents the brilliant achievements of constitutional reform in our country, but also reflects the

realization of the ideal that sovereignty lies in the hands of the people. He added that this is of great significance in raising the international status of the country and in starting peaceful competition between the two sides of the strait.

[words indistinct] the president said: The Chinese communists have been launching verbal attacks and military threats against us under the pretext of being dissatisfied with our pursuance of pragmatic diplomacy. [words indistinct] But the president stressed: Our striving for diplomatic space and international status is a must for the country's survival and the people's dignity. This will by no means be altered by any threats or intimidation.

Taiwan: 'Text' of Lien Chan Article on Reunification

OW1602105296 Taipei CNA in English
1001 GMT 16 Feb 96

[FBIS Transcribed Text] Taipei, Feb. 16 (CNA) — Republic of China [ROC] Premier Lien Chan said if Beijing's leaders are sincere about pursuing reunification, they must adopt a strategy that strengthens understanding between the two sides of the Taiwan Strait.

Lien said both sides need to increase exchanges, thereby boosting the idea of parallel benefits in business, trade, and investment, and creating a win-win situation.

Lien said in an article contributed to the FOREIGN AFFAIRS published in New York that he is optimistic about an eventual peaceful resolution of the cross-Taiwan Strait tension, given that Taiwan and Mainland China had weathered similar crises before.

The following is the full text of the article, carried in the latest March/April issue of the bimonthly:

World attention was drawn to relations between the Republic of China and the People's Republic of China in dramatic fashion during July and August of 1995 by two sets of highly publicized missile tests conducted by Mainland Chinese military forces close to the northern coast of Taiwan. Beijing's escalation of tension across the Taiwan Straits was widely perceived as a response to a visit in June by ROC President Li Teng-hui to Cornell University, his alma mater.

Although the president's trip was in a private capacity, Beijing further signaled its displeasure by shutting down the non-governmental channel of negotiation that since 1993 had met periodically to discuss practical issues concerning the growing trade, investment, and cultural contacts between Taiwan and Mainland China. The Taipei-based Straits Exchange Foundation (SEF), established in February 1991 as a private, non-profit organization, first met formally in Singapore with its

mainland counterpart, the Association for Relations Across the Taiwan Straits (ARATS), during April 1993. Since then, the organizations have held nearly a dozen meetings to discuss economic, technical, legal, and other practical cross-strait issues. Although these talks carefully avoided direct governmental contacts, they broke decades of mutual isolation between the two sides and helped build greater mutual understanding and cooperation.

To many people, the missile tests and break in SEF-ARATS meetings indicated that a genuine crisis had arisen in cross-strait relations, one with unsettling implications for the Asia-Pacific region and for other nations around the world as well. But Taiwan and Mainland China have weathered previous crises successfully. One only need recall the shelling of Quemoy [Kinmen] by the Chinese Communists in 1954 and 1958, which prompted the United States to send the 7th Fleet to monitor the situation. In the more than thirty years since then, the tension in the Taiwan Straits has gradually slackened. It should be remembered that the Chinese term for "crisis" contains the characters for "danger" and "opportunity" — implying that "in danger, there is also opportunity." Thus, despite last summer's tensions, the ROC Government has strengthened its resolve to continue pursuing the trade, investment, cultural, and other contacts that have been building since late 1987. Such contacts are seen as productive means to build greater trust between the two sides and, ultimately, to achieve a shared goal: the peaceful reunification of China.

While Beijing has yet to reciprocate by renouncing the possible use of military force against Taiwan, the ROC Government is committed to pursuing a peaceful strategy that fosters mutual respect between the two sides. When I became premier in February 1993, I made improvement of cross-strait ties a high priority in hopes of moving both sides away from the "zero-sum" approach to relations, where one side's gain is at the other's expense, in favor of finding "win-win" solutions that could resolve the problems between us in a mutually beneficial way.

It is clearly counterproductive for both sides to advocate the eventual reunification of China and at the same time indulge in unnecessary diplomatic skirmishes and waste precious resources on military preparations. Why not channel our resources into more productive ways to benefit all our people and advance the cause of peaceful reunification? Thus, I have repeatedly stated my support for increased exchanges in economics and trade, culture and art, technology and news dissemination between the two sides as means to bridge the chasm of misunderstanding that still exists between us.

The ROC Government's pragmatic strategy for peaceful reunification is to keep building positive cross-straits relations through a gradually expanding set of exchanges, thereby introducing an era of negotiation. During the first half of last year, it was beginning to look as if a framework for indirect high-level dialogue between the two sides might eventually result from the six-point proposal offered by President Li Teng-hui on April 8 in an address to the ROC National Unification Council as a response to an eight-point proposal regarding cross-straits ties announced by Mr. Jiang Zemin, secretary-general of the Chinese Communist Party, on January 30, 1995. Regrettably, this positive development was not the only casualty of Beijing's gestures of displeasure last summer, for the mainland authorities then proceeded to shut down the ongoing administrative-level talks between the SEF and ARATS. In our view, this non-governmental channel of communication, set up after so much painstaking effort in order to resolve disputes between both sides, should be reopened. Such a channel is all the more important during any period of intensified tension between Taipei and Beijing, because it helps prevent the unfortunate results of miscalculation or misunderstanding.

One example of such misunderstanding is the persistent complaint by Beijing that efforts of the ROC Government to gain its rightful international status are an expression of "Taiwan independence." Such a stance fails to reflect reality and also ignores our long-term efforts to improve cross-straits ties and promote the reunification of China. In November 1987, when the ROC Government announced that people in Taiwan could visit their relatives on the Chinese mainland, nearly forty years of cross-straits alienation was terminated. This landmark change in ROC policy has resulted in more than 8.5 million trips to the Chinese mainland as of mid-1995. Moreover, aggregate cross-straits trade by the end of 1994 exceeded U.S.\$70 billion, with U.S.\$17.8 billion in 1994 alone. At the same time, we have witnessed growing cultural and academic contacts. Fourteen thousand mainland professionals have visited Taiwan in the past eight years on such exchanges. Such positive momentum on many fronts needs to be continued.

The Basis for a Peaceful and Positive Future

In spirit and direction, the ROC's strategy for peaceful reunification derives from the 1991 guidelines for national unification. They delineate three phases for achieving China's reunification: a short-term phase of exchanges and reciprocity, a medium-term phase of mutual trust and cooperation, and a long term phase of consultation and reunification. There is no fixed time frame for each stage, for it is difficult to predict how long it

will take for the two sides to bring their divergent social, political, and economic systems into greater harmony.

As cross-straits circumstances have changed, the ROC Government has abandoned outdated ideological conflict and has made pragmatic efforts to recast relations in a positive mode. In the past, we hoped to exploit the vast differences between the economic systems of each side of the Taiwan Straits to demonstrate the superiority of our free-market system; we now hope to offer the advantages of our system as a model to promote trade and economic growth in Mainland China and to decrease cross-straits economic disparities as a step toward eventual reunification. Formerly, we saw unrest and upheaval on the mainland as an opportunity to precipitate the rise of freedom and democracy; we now want to see evolutionary, instead of revolutionary, change in this direction. Previously, we sought to limit interaction between the people in our area of effective jurisdiction and those on the mainland; today, we encourage interaction and do not even rule out the possibility of future government-to-government contacts.

Internationally, we have shelved our dispute with Mainland China over the issue of "China's representation" in the United Nations. We maintain that the most concrete step the international community can take to acknowledge the reality that China is divided and ruled by separate and autonomous governments is to ensure that both sides have satisfactory representation not only in the United Nations, but indeed in all international organizations. Only then can both sides begin to find solutions to the issues that divide them. For this reason, Taiwan and Mainland China have to accept the reality of divided rule, not deny each other as equal political entities, and actively nurture favorable conditions for China's eventual reunification. In this way, both sides can gradually move toward national fusion based on democracy, freedom, and prosperity.

We have always tried to clearly state and remain focused on the substantive issues that divide the two sides over how to achieve national reunification. I have personally felt for some time that Taipei and Beijing have no quarrel over the issue of "nationalism," or min-tsu chu-yi which Beijing continually invokes when discussing the issue. The Chinese term min-tsu chu-yi evokes a sense of common ethnic identity, and nearly all Chinese on Taiwan trace their ancestry back to the Chinese mainland at some point in the past. Min-tsu chu-yi is also part of Dr. Sun Yat-sen's three principles of the people, which contains a concept more germane to the issue of national reunification, namely, min-ch'an chu-yi. This latter term is sometimes translated as he "rights of the people," but really is another way, in my opinion, of defining "democracy." In other words, what matters

now in the process of achieving national reunification are differences over the enormous gap in political systems under which our two societies currently operate, not issues of common ethnic identification. Rather than needlessly debating in the international arena whether a particular act is an expression of "one China, one Taiwan," "two Chinas," or "Taiwan independence," the real question the two sides must resolve, as stated before, is how to promote peaceful national reunification according to the principles of democracy, freedom and prosperity.

Obstacles to the Reunification Process

Many of the obstacles that lie in the path to peaceful reunification are based on reluctance in Beijing to relinquish past, outdated policies. For instance, Beijing's position that increased international recognition of Taiwan would encourage sentiment for "Taiwan independence" is groundless. "Taiwan independence" is explicitly counter to ROC policy. The ROC Government advocates a "one China" position while simultaneously stressing the undeniable reality that this "one China" is currently divided and has been ruled by separate, autonomous governments for more than forty years. Thus, neither the ROC nor the PRC can at present claim to represent the entire Chinese nation.

Beijing also maintains a "one China" stance, but its version sees the PRC as the sole representative government of China; and Taiwan — being part of China — as a part of the PRC. However, there is no substance to the PRC's claim of sovereignty over Taiwan; it has no right to represent the people of Taiwan. The Chinese Communists are trying to achieve by specious rhetoric what they did not achieve by force of arms in 1949. Although it is true that when the ROC Government moved to Taiwan in 1949 the population and territory it could effectively administer decreased substantially, the ROC remains an independent sovereign entity — one that in subsequent years has had outstanding political and economic success. As historical fact and international law attest, the PRC has never exercised any administrative power over Taiwan, and so it has no right to represent our 21 million residents in any international organization or activity.

Given the ROC's political and economic strength, it is only natural for our people to demand an international status commensurate with the reality of Taiwan's role in the world. The result of Beijing's effort to oppose and isolate the ROC in the international community is that, despite being welcome as tourists and businessmen in countries around the world, our citizens are subject to awkward and cumbersome procedures for obtaining visas. Our athletic teams in international competitions

cannot even wear the name of their country on their uniforms. And in spite of consistent expressions of willingness and undoubted financial ability to help, the ROC remains unable to join such political organizations as WHO, UNESCO, and even the International Red Cross.

Beijing continues to miss opportunities to build upon the positive momentum of cross-strait relations. Old ideas, such as the mainland "one country, two systems" formula for resolving the reunification issue are unworkable. The "one country" Beijing insists on in this transitional arrangement would presumably be the "People's Republic of China," and the ultimate system would thus be communist bureaucracy. Beijing's proposal therefore amounts to reducing the ROC to the status of a local government, while forcing the people of Taiwan to accept Chinese Communist rule and to forsake the democracy, freedom, and prosperity they enjoy today. In recent years, the mainland authorities have repeatedly called for "peaceful reunification," yet have also refused to renounce the use of force to achieve it. By continually threatening Taiwan, the mainland authorities are pursuing a policy that only widens the psychological gap between the two sides. This is hardly conducive to facilitating the process of reunification.

How To Improve Cross-Straits Relations

First, if Beijing's leaders are sincere about pursuing reunification, they must adopt a strategy that strengthens understanding between the two sides. This should include attempts to comprehend the reasons for Taiwan's social, political, and economic development. [words indistinct] in Taiwan, expressed in a free-wheeling, multifaceted democratic society, is playing an increasingly important role in guiding the island's development. Thus, any cross-straits measure that deviates from the popular will is unacceptable in Taiwan. The mainland authorities simply cannot ignore the views of the Taiwan people. If Mainland China's leaders can more vigorously pursue democratic policies and the rule of law, leading to a fair and open society, they will certainly help bring the two sides closer together. And only in this way will they be acting in accordance with the cardinal principles of nationalism which they so strongly advocate.

Second, cross-straits relations can be improved by accepting "parallel benefits" as a common goal. In other words, both sides should strive for a "win-win" approach. Taiwan's people know that cross-straits reunification is currently precluded by the great differences between the two sides in terms of political and economic systems and standards of living, rather than "foreign interference" or the "advocacy of Taiwan independence

by people within Taiwan," as Beijing has alleged. In recent years, Taipei has consistently expressed its willingness to use Taiwan's economic strength to assist the Chinese Mainland. Although the island's development has not been without problems, much of this experience can nevertheless be of considerable value to the mainland.

Third, both sides need to increase exchanges, thereby boosting the idea of parallel benefits in business, trade, and investment. In February 1995, I pointed out in my administrative report to the ROC legislature that cross-straits relations should at present focus on trade and economic issues so that both sides might enjoy the benefits of a market economy. The ROC Government has, in accordance with this policy, greatly relaxed its restrictions on cross-straits investment and trade, and recently formulated a plan to establish offshore transshipment centers to allow direct cross-straits transportation of cargo. We proposed this plan to nurture conditions that will make it eventually possible to establish postal, trade, and transportation links across the Taiwan Straits. To date, an agreement has been made to allow flights between Taiwan and Macao, some of which could be extended to certain cities in the Chinese Mainland after a stopover in Macao and a change of flight number.

We also encourage extensive exchanges in arts, culture, education, literature, science and technology, and hope that future exchanges will not be limited to mere visits or conferences, but will expand to include long-term joint research, technological seminars, and academic exchange programs. The ROC Government has already eased restrictions on visits by its officials to the Chinese Mainland and has relaxed entry procedures for visits by Chinese Communist Party and government officials.

Fourth, we need to implement more pragmatic consultations. After the first SEF-ARATS talks in 1993, the two organizations began to provide a consultation channel to deal with problems related to cross-straits exchanges. Although matters did not go smoothly at first because consensus could not be easily achieved on such issues as fishery disputes, we were headed in the right direction. I still believe that it is in the interests of both sides to minimize our political differences and resume our dialogue as soon as possible.

All these suggestions are made in a spirit of cooperation and are inspired by a desire to build confidence and trust. They fully accord with our guidelines for national unification, which call for fostering an environment of reason, peace, parity and reciprocity in which both sides can jointly pursue the cause of national reunification. Although relations across the Taiwan Straits have been chilled by recent setbacks, we are confident

that this situation is only temporary and that peace remains our common aspiration. Progress in cross-straits relations has been steady in recent years, and the economic momentum in particular is unlikely to be lost. But we must also look to other issues as well: greater military transparency, increased understanding of political processes on both sides, strengthened cultural exchanges, and wider mutual reporting in the mass media of the changes taking place in both our societies.

In coming years, as now, tension across the Taiwan Straits may occasionally seem to reach crisis proportions. During such times, both sides must have the will to find mutually beneficial solutions and the mechanisms to help carry them out. Each success will bring both sides closer to our shared goal: China's peaceful reunification.

Taiwan: U.S. Congressmen Cite Perry's 'Message' to PRC

OW1602111196 Taipei CNA in English
1041 GMT 16 Feb 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Feb. 16 (CNA) — Several visiting U.S. congressmen said Friday [16 February] that the United States will stand firm on its support of the ROC [Republic of China] in pursuing freedom and democracy.

The representatives, including Charles Rangel (D-NY), Edolphus Towns (D-NY), Bill Brewster (D-OK), Maurice Hinchey (D-NY), and Matt Salmon (R-AZ), said should the Chinese communists threaten Taiwan with non-peaceful means, the United States will not stand idle and will provide Taiwan with weaponry necessary for its defense.

The congressmen asserted that President Li Teng-hui has assured them that Taiwan will by no means seek independence, giving the Chinese communists no excuse to intimidate the island.

At a press conference held at the Grand Formosa Regent Hotel, the congressmen presented a letter from Benjamin Gilman (R-NY), chairman of the House International Relations Committee, emphasizing that the U.S. Congress pays close attention to Beijing's explicit military threats against Taiwan.

According to the Taiwan Relations Acts, Gilman said, the United States is obliged to protect the security in the Taiwan Strait against outside threat.

The representatives stressed that since the peaceful resolution of the Taiwan problem is an established

policy of the United States Government, the House of Representatives will fully support the policy.

They said Defense Secretary William Perry sent a clear and precise message to Beijing the other day, urging Beijing to stop intimidating Taiwan which he said was a scheme to influence the March 23 presidential elections.

They said whatever the situation will turn, the U.S. Congress stands by Taiwan and will throw its full support behind Taiwan.

The congressmen noted that they are here to exercise a "preventive" diplomacy, hoping that by so doing, the crisis will be staved off.

Taiwan: Jiang Zemin Said To Refuse To See Li's Emissaries

OW1602013196 Taipei TZU-LI WAN-PAO in Chinese 14 Feb 96 p 3

[By reporter Chen Chi-yuan (7115 3444 0337)]

[FBIS Translated Text] Taipei — Strained cross-strait relations continue. The possibility that military clashes may occur in the Taiwan Strait apparently prompted the United States to propose that meetings be held among defense ministers of the United States, Japan, China [zhong 0022], and Taiwan at regular intervals. Whether or not the Chinese communist authorities will resort to military force has become the topic which people in Taiwan now discuss most. Hsu Mu-ming, convener of the New Party's party group at the Legislative Yuan, disclosed this morning that Li Teng-hui had secretly sent important persons [zhong yao ren shi 6850 6008 0086 1102] to the mainland to convey his readiness for dialogue [gou tong 3297 6639], but that the Chinese communist authorities blatantly rejected his initiative.

Hsu Mu-ming also disclosed that Li Teng-hui had sent persons with ranks even higher than those of Su Chih-cheng, the main figure of the "emissary incident," and Cheng Shu-min, chairman of the Cultural Construction Council, to the mainland with the message that he wanted to resolve the crisis between the two sides; but that they were all rejected by the mainland authorities. Li Teng-hui's emissaries simply were not able to meet Chiang Tse-min [Jiang Zemin].

Taiwan: Lawmakers Said Planning Macao Forum

HK1602055596 Hong Kong EASTERN EXPRESS in English 16 Feb 96 p 14

[By Connie Ling]

[PTS Transcribed Text for FBIS] Lawmakers from China and Taiwan will attend a forum in Macao this summer, in the hope they can improve cross-strait rela-

tions and the relevant policies of their two governments, a Taiwan legislator's office said yesterday.

The forum, proposed by Ju Gaujeng, a legislator from Taiwan's pro-independence New Party, is likely to be held at the end of June or early July, Chang Yi, an assistant to Ju, said yesterday.

About a dozen lawmakers from China's National People's Congress (NPC) and Taiwan's Legislative Yuan will attend the forum, he said.

There will not be a set agenda for the meeting, Chang said. However, the focus of the meeting will be a search for ways to improve the strained relationship between the two sides since Taiwan President Li Teng-hui visited the United States last year.

"We try not to limit the topics being discussed," he said.

"Everything goes, as long as it is about cross-strait relations."

Talks among lawmakers can be more rewarding than those among government officials, he said, explaining that lawmakers, who have the responsibility to act as the bridge between the respective government officials and the people, are able to think of more constructive and substantial ideas.

The negotiations between the governments of China and Taiwan are arranged through semi-official agencies; the Association for Relations Across the Taiwan Strait (Arats), which represents China, and Taiwan's Straits Exchange Foundation (SEF). China suspended all talks between the two organisations after Li's US trip.

Despite Taiwan's repeated calls for the resumption of talks, Beijing has refused to sit down with Taipei, and blamed it for creating obstacles in the process by seeking more international recognition.

Chang said the forum will provide an opportunity for the lawmakers of both China and Taiwan to communicate directly, and constitute a more solid foundation for the legislatures' agenda concerning cross-strait relations.

The decision of the forum was decided in a recent meeting between Ju and Qian Weichang, the executive chairman of the Beijing-based China Peaceful Reunification Promotion Association, and the Arats vice-chairman, Tang Shubei, Chang said.

According to Ju's office, Qian and Tang have agreed to attend the forum, along with Taiwan legislators, including the ruling Kuomintang's Wei Yung, the independent Tsai Chung-han, the pro-independence opposition Democratic Progressive Party's Huang Hsin-chieh and

Parris Chang. More lawmakers from both sides are expected to sign up after further details are announced later this month.

The meeting has been seconded by the SEF and Taiwan's cabinet-level Mainland Affairs Council, the highest government body in charge of relations with China, Chang said, adding that the SEF may send delegates to the forum as well.

The reason for selecting Macao, Chang said, is because it is a "neutral territory", explaining that Hong Kong's status is becoming too sensitive for such talks nowadays, with the reversion of the territory's sovereignty only 501 days away.

***Taiwan: Party Polls Effect of PRC Military Threats**

95CM0467E Taipei TZU-LI WAN-PAO in Chinese
26 Aug 95 p 1

[Dispatches by reporter Kang I-lun (1660 0181 0243): "If Invaded by the Chinese Communists, 60 Percent of the People Will Strive To Protect Taiwan Whether They Are Pro-Unification or Pro-Independence"]

[FBIS Translated Text] Taipei—The Democratic Progressive Party (DPP) held a press conference this morning on its recent public opinion poll regarding the political effect of the Chinese communist military exercises. The poll reveals polarized emotional reactions to the Chinese communist military exercises among the people of Taiwan. Meanwhile, as many as 60 percent of the people interviewed said that if the Chinese communists launch an armed invasion of Taiwan, the people will probably make all-out efforts to protect Taiwan whether they are pro-unification or pro-independence. Another 20 percent of the respondents didn't think so.

The theme of the DPP poll was: Appraisal of the political effect of the Chinese communist military exercise. In addition to probing the Taiwan people's general reaction to the above military exercises, the poll also aimed to find out their opinions about the anticommunist stand of Taiwan's political parties and reactions to the eight-point proposal of the Chinese communist leader Jiang Zemin.

Yu Ying-lung, executive secretary of the DPP Election Policy Committee said this morning: Of the people interviewed during this poll, 92 percent said that the Chinese communist military exercises are known to everyone in Taiwan. But the emotional reactions to these exercises were polarized: Over 70 percent of the respondents were not panicky, while less than 20 percent were frightened. DPP Secretary General Chiu I-jen said: The polarization reactions appeared among the people at

a time when the Kuomintang is publicizing the might of Taiwan's armed forces. This means that the government is responsible for apprising the people of its military strategies through repeated announcements. Only thus can it be trusted by the people.

With regard to the effect of the Chinese communist military exercises on national identity, the poll shows that since late July, the number of people saying they are "Taiwanese" has begun to exceed those saying they are "Chinese" (their percentages are about 33.9 and 33.1 percent respectively).

Commenting on the Chinese communist attempts to frighten the Taiwan people with missiles, 46 percent of the people interviewed said that such actions will dampen the Taiwan people's intention to unify with China. This opinion was especially prevalent among young people with better education. Fewer than 10 percent held that the above actions can add to the Taiwan people's intention to unify with China. If the Chinese communists really launch an armed invasion, as many as 60 percent of the Taiwan people would unite to protect Taiwan regardless of their party affiliation and whether they support unification or independence. But less than 20 percent of the people interviewed held an opposite view. In view of this, Yu Ying-lung made the following comment: In spite of the acute dispute over the issue of unification versus independence and the different stands between parties at ordinary times, once a serious threat comes from outside, the majority of the people are willing to forsake their original ideas and act in unison against the threat. This shows that a certain kind of consciousness of the "body with a common fate" has taken shape and is growing in Taiwan.

Taipei—Does a "Taiwan-betrayal group" exist on the island? A poll conducted by the DPP shows that people answering this question affirmatively and negatively are roughly equal in number. They both accounted for about 35 percent. The younger and the more educated the respondents, the higher the percentage of positive answers among their responses.

***Taiwan: Polls Gauge Party Reactions Toward Mainland**

95CM0467D Taipei TZULI WANPAO in Chinese
26 Aug 95 p 2

[Dispatches by reporter Kang I-lun (1660 0181 0243): "Twenty-Four Percent of Interviewees: DPP Is Most Anticommunist—DPP Poll Shows Only 10 Percent of People Believe NP To Be Anticommunist"]

[FBIS Translated Text] Taipei—Among the Kuomintang (KMT), the Democratic Progressive Party (DPP),

and the New Party [NP], which is the most anticommunist? This morning the DPP published the result of its poll, which shows 24.5 percent of the people interviewed believed that the most anticommunist party is the DPP, while 20.3 percent said it is the KMT. Only 10 percent said that the NP is the most anticommunist.

This morning the DPP published the result of its poll on "appraisal of the political effect of the Chinese communist military exercises." The poll also asked opinions about the anticommunist stance of Taiwan's three major parties. One question put forward to the people was: "Among the present three major parties of our country, which is the most anticommunist?" Another question was: "Which party is the least anticommunist?"

The poll shows 24.5 percent of the people interviewed believed that the DPP is the most anticommunist, while 20.3 percent said the most anticommunist party is the KMT. Only 10 percent believed the NP is the most anticommunist. As for which party is "the least anticommunist," those selecting the NP in their answers accounted for 21.3 percent, which was the highest percentage. Those selecting the DPP accounted for 12.9 percent, the next highest percentage. Only 9 percent of the people interviewed said that the KMT is the least anticommunist.

Commenting on the result of the poll, the DPP Election Policy Committee said a relatively large number of people held that the DPP is the most anticommunist party at present because it has a strong native color. As to the reason that the NP was regarded as the least anticommunist, the committee said this is closely related to the daily words and deeds of the NP politicians. In addition, the committee pointed out that the Chinese KMT, which has long boasted of its "strongest anticommunist" stance, was not considered as anticommunist as the DPP in the poll. Obviously, the KMT's anticommunist color is fading in the eyes of the public.

Taipei—Following the Chinese communist consecutive missile tests, what is the Taiwan people's reaction to the eight-point proposal that Jiang Zemin put forth at the beginning of this year? According to DPP's public opinion polls in May and August, the proportion of people in Taiwan who are quite agreeable and who are agreeable to the proposition that "Taiwan is an integral part of China" has fallen from 23.5 percent to 11.2 percent. This, the DPP Election Policy Committee said, is because the Chinese communist frequent military exercises have awakened those who previously had a favorable impression and cherished an illusion about the People's Republic of China.

In May, the DPP conducted a poll concerning the themes "Chinese should not fight Chinese," "reunification is a

common aspiration of the people of the two sides," and "Taiwan is an integral part of China" contained in Jiang's eight-point proposal. The DPP carried out a second poll on the same themes in August after the two missile tests conducted by the Chinese communists.

*Taiwan: Taipei Article Examines Li Teng-hui's Religious Faith

96CM0020A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 9 Sep 95 No 443, pp 11-14

[Article: "Li Teng-hui: Was Like Faust In His Youth; Wants to Be Moses in His Old Age"]

[FBIS Translated Text] "From childhood to adulthood, people confront three problems: Social inequality, ego troubles, and the problem of life and death unconsciously affect us all. I, myself, have frequently diligently studied and thought about these problems." "Gradually, I sensed a very important problem, namely that I might be lacking something, but I still did not know what it was. Then I began to seek religion."

When testifying at the Taichung Regional Conference during holy year, Li Teng-hui provided this explanation of his own "search for God." He said that when he was a child, his family were small landlords. Every lunar New Year, the tenant farmers sent chickens and ducks to his home in the hope of having land to farm during the coming year. These experiences made me wonder "why is society unfair?" As he grew older, he began to have ego troubles at age 15 or 16. "At that time, I felt I was so wonderful. I was very arrogant." He realized the need to suppress his strong "ego," so he began to study Zen. At 17 or 18, as a result of the death of a parent, Li Teng-hui began to think about death. He hoped to find an answer from knowledge. It was because of the unfairness of society, ego, and death, Li Teng-hui began to seek God.

Li Teng-hui was very fond of Goethe's Faust. Faust believed in knowledge; he was unwilling to accept God. Li Teng-hui's course was similar. At first, he hoped to find social justice and understand the significance of his own life and death through learning. For a long time, he also wished he were able to believe in God, but he was never able to make himself truly believe.

During the 1950s, Li Teng-hui taught at Taiwan University. At the same time, he held a position in the Rural Reconstruction Association. He admitted that during this period, he and his wife, Tseng Wen-hui [2582 2429 1920], visited churches and congregations all over Taipei searching for God, even going to five different churches on a single Sunday. But he was never able to believe in God. Later on, he discovered he was unable to believe in God because he "looked at religion

from man's standpoint," "tried to understand religion in terms of myself," and "looked at the 'soul' from the standpoint of biology." Once he no longer viewed religion from this angle, he finally had faith, and not long afterward he was baptized. The day before he was baptized, he dreamed that God told him that after he was 60, he was to work for God and be a missionary for Him.

Li Teng-hui is now a Presbyterian. Among the various religious denominations in Taiwan, the Presbyterians have always been regarded as having a fairly strong political coloration. Li Teng-hui formally became a Presbyterian after he became president, but the Danjiang Middle School at which he studied in his youth was a Presbyterian school, and he also had contacts with the Presbyterians during the 1960s.

1965 marked the hundredth anniversary of the arrival of the Presbyterian Church in Taiwan. This was also a time of rapid development of Taiwan's economy and a time of rapid change in Taiwan's institutions. In response to outside social changes, the Presbyterian Church also began to examine its former fairly parochial preaching methods. It began to take the initiative in going into rural villages, factories, and the mountains, and to show concern for various social problems that changes in society had generated. The Presbyterians termed their preaching work during this period the "new century preaching campaign." The so-called "new century" referred to the beginning of the Presbyterian Church's second century in Taiwan.

The director of the Presbyterian Seminary in Tainan at that time, Huang Chang-hui [7806 1757 6540] visited Li Teng-hui, who held a position in the Rural Reconstruction Association at that time to discuss agricultural problems in Taiwan. He also visited Peng Ming-min, a professor in Taiwan University's political department at that time to discuss political issues. The new century preaching campaign was Li Teng-hui's first contact with the Presbyterian Church, but he did not take part directly in preaching work. Li Teng-hui's more frequent participation in Presbyterian Church activities occurred after he became mayor of Taipei in 1978. The person who brought him into the Presbyterian Church was Weng Hsiu-kung [5040 028 1872], who had been a pastor in the Chinan Church for 20 years.

In the eyes of the Kuomintang at that time, Weng Hsiu-kung was not a "well-behaved" pastor. In August 1977, when the United States and Communist China "normalized relations," the Taiwan Presbyterian Church issued a human rights declaration on 16 August. The declaration boldly declared that "Taiwan's future will be jointly decided by its 17 million residents" who want to

make Taiwan a "new and independent country." This declaration, which shocked society at the time, was issued in the name of three people: One was Chao Hsin-en [6392 0207 084L], the General Conference director, one was Kao Chun-ming [7559 0193 2494], the Secretary General, and the third was Weng Hsiu-kung, the deputy director of the General Conference at that time.

How Did Li Teng-hui come to know Weng Hsiu-kung? Weng Hsiu-kung remembers that Tseng Wen-hui's older brother, Tseng Wen-hsiung [2582 2429 7160] was a member of the Chinan Church. At that time, Li Teng-hui's son, Li Hsien-wen [2621 2009 2429], wanted to marry, and it was through the introduction of Tseng Wen-hsiung that Mr. and Mrs. Li Teng-hui asked Weng Hsiu-kung to marry Li Hsien-wen. Subsequently, Mr. and Mrs. Li Teng-hui frequently worshipped at the Chinan Church, and Weng Hsiu-kung also gradually became Li Teng-hui's family pastor. The weddings of Li Teng-hui's two daughters were also performed by Weng Hsiu-kung.

After becoming provincial governor, Li Teng-hui worshipped at the Chinan Church at least once every month. After becoming vice-president, his attendance at the Chinan Church increased. The Chinan Church was considered a neutral church having no members who were special political or business personages. Nor did Li's worshipping at the Chinan Church attract large numbers of political or business personages. Li Teng-hui's relations with members of the church were not particularly close. When worshipping, he simply greeted and exchanged pleasantries with the members.

Weng Hsiu-kung felt that Li Teng-hui was sincere about religion since he did not try to avoid contact with the Presbyterian Church even though "the political position of the Presbyterian Church at that time made it like a leper. Political personages avoided it with dread."

While Li Teng-hui was vice-president, Chiang Ching-kuo also consulted him about Presbyterian Church matters, and asked him to serve as a contact with the Presbyterian Church. Kao Chun-ming had been jailed because of the Mail Island incident, and Li Teng-hui also made some efforts to effect his early release.

In 1984, the Taiwan Presbyterian Christian Church General Conference held its thirty-first annual meeting. Li Teng-hui, who was vice-president at that time, gave a speech to the meeting, which was also arranged through Weng Hsiu-kung. At the opening of the meeting, Li Teng-hui said straightforwardly: "Today the Presbyterian Church is encountering various difficulties. I should personally avail myself of this opportunity to understand

the reason for these difficulties." In this speech, Li Teng-hui also referred to the "political relationship" issue that was very sensitive at that time.

After 1970, Presbyterian Church statements on political topics increased in frequency, and they were frequently at odds with the Kuomintang. At that time, the Kuomintang frequently used the "separation of politics and religion" theory to criticize the Presbyterian Church, saying that it should not interfere in "Caesar's affairs." In his speech, Li Teng-hui said: "When a certain unit or religious group damages the social order, the government has no choice but to intervene. However, it is difficult to set a fixed standard for determining that the actions of a religious group are harmful to the social order." He emphasized that "the separation of politics and religion" is actually not a simple principle. "Religion is bound to affect politics, but the distinction between affecting and interfering is really difficult." Li Teng-hui also criticized government officials for not understanding religion. He said that the government should improve its understanding of, and its contacts with, religious groups to resolve political clashes. Given the political climate at the time, such statements amounted to a fairly friendly stance toward the Presbyterian Church.

After becoming president, Li Teng-hui no longer worshipped at the Chinan Church. "President Li would sometimes say to me that next time he would go to church, but he never came, possibly because of security concerns," Weng Hsiu-kung said. After becoming president, Li Teng-hui worshipped in the living room of the official residence, but he still had Weng Hsiu-kung conduct the worship service in the official residence. The worship service was no different than in church, except that it was smaller in size. Once started, one service each month became the habit, and services were also larger in size. In addition to Li Teng-hui's family, some relatives, friends, and political officials would worship together. Weng Hsiu-kung might also bring some church members and the choir to the official residence as well. Officials who frequently worshipped with the Li family at the official residence included Huang Ta-chou (7806 1129 3166). Former central bank director Hsieh Sen-chung (6200 2733 0022) also attended occasionally.

Family worship services at the president's official residence have become smaller in size and less frequent in recent years, and fairly irregular as well. Most recently, one worship service in the official residence was held during May 1995, a commemorative service in honor of the death of Li Teng-hui's father, Li Chin-lung (2621 6855 7893).

In addition to regular worship services, services are also held at the president's official residence on special days,

such as Christmas. On these days, Li Teng-hui may invite a fairly large number of people. For the Li family, however, the most important worship service is held on 21 March each year.

March 21 is the anniversary of the death of Li Hsien-wen. After Li Hsien-wen's death in 1981, Li Teng-hui's family made this a permanent worship day each year that has not been broken in 13 years. Li Teng-hui frequently expresses his love for Li Hsien-wen. A year after Li Hsien-wen's death, Li Teng-hui still told the media: "Even when I think about Hsien-wen's death today, my heart pains as though cut with a knife..." Li Hsien-wen's death also had a very great effect on Li Teng-hui's religious faith.

Weng Hsiu-kung, who officiated at Li Hsien-wen's marriage and death said after Li Hsien-wen had passed away that Li Teng-hui is rather strongly affected by religion and life. He said: "In his early years, Mr. Li searched everywhere for a church and for a faith, but that did not necessarily have a profound effect on the way he lived. His son's death was the same as his own death. It was a profound experience." Weng Hsiu-kung reminisced: "He must have been very sad at the time, but you could not tell it from the outside. He could turn sadness into strength." When YU-CHOU-KUANG magazine interviewed him in 1982, Li Teng-hui said: "I want to broaden my love for this child to more people.... During his life, didn't Jesus also give of himself and sacrifice himself?"

Social fairness and justice was one of the motivations for Li Teng-hui's search for God. After finding God, how did Li Teng-hui handle fairness and justice questions? Once when testifying, Li Teng-hui said that after believing in God, he found that changing the unfairness in society required more than just changing poor social systems. "This divide must be slowly filled in to solve the problem." He feels that the true divide is in one's heart. People's hearts must be changed to fill in the divide, otherwise changing the system is also useless. Li Teng-hui has said many times that when he faces difficulties making political decisions, he relies on prayer to see him through.

"Faith and love" are the main topics Li Teng-hui enjoys talking about when he discusses religion. Religion has enabled Li Teng-hui to express very strong self-confidence. But what of love? In politics, Li Teng-hui criticizes his political enemies vehemently. His dissatisfaction with others is written clearly on his face. Is this consistent with the doctrine of "love is enduring patience," "mutual forbearance through love, and peaceful relations through love?" Weng Hsiu-kung believes that Li Teng-hui is a very direct person. When

he discusses an issue with Li Teng-hui as a pastor, if Li Teng-hui feels that Weng Hsiu-kung's views are right, he says sincerely: "I'll try it out." If he feels his views are wrong, he will say straightforwardly: "Pastor Weng, this is not the way things are." Weng Hsiu-kung explains on behalf of Li Teng-hui that "love and sincerity are two sides of the same coin. Sometimes one has to hurt another person when one is president. Love does not necessarily mean never saying anything that hurts people."

In his role as a leader, Li Teng-hui must frequently visit temples everywhere. It is against the Christian religion to worship idols, and many Christians use this point to attack Li Teng-hui. When he was vice-president, Li Teng-hui admitted in a speech at a Presbyterian Church that such discussion is very difficult for him. Some Christians also criticized Li Teng-hui for reading the Book of Changes saying that he "does not read the Bible, but he reads the Book of Changes." Weng Hsiu-kung explained that Li Teng-hui has told him that he studies the Book of Changes only from a scholarly standpoint and not from a religious standpoint.

Trading of relative values and interests is frequently the logic that dominates the political arena. Religious faith may make a political personage have more solid basic values on relative interests, but can religion also make someone suppose that he stands on the side of absolute truth and values, or regard views at variance with his own as heretical? In a speech at a Presbyterian Church in 1984, Li Teng-hui characterized political dissidents (The term he used for dissidents was a small number of people "who the Communist Party uses to destroy our harmony and unity") at that time as Judases. He also said that "we must guard against the laughter of the Pharisees, who are hypocrites." He also used God and the Devil as a metaphor for two opposing political sides. When he uses such language, he should truly believe what he says. (Li Teng-hui frequently quotes a sentence from the Bible that goes: "Whatsoever does not come from faith is sinful"), but this way of comparing politics with religion is also a dangerous way of doing things.

***Taiwan: Weekly Assesses Chen Li-an's
Presidential Potential**

95CM0465A Taipei HEIPAI HSINWEN [TAIWAN
WEEKLY] in Chinese 27 Aug 95
No 99, pp 19-20, 23-24

[Article by Yang Chia-hui (2799 0857 1979): "From
Buddhist Believer to Political Enthusiast, Chen Li-an

Has a Special Way of Practicing Buddhism—Chen Li-an's Unique Political Path"]

[FBIS Translated Text] Chen Li-an has declared he will run for president, as have others, but why is his motive being deified as a "righteous will of sincerity and selflessness," while the others are said to be acting out of a "selfish greed for power"?

After many years in the world of dirty Machiavellian power plays, Chen Li-an transformed himself from being the head of the "four eminent princes" into what he is today, a Buddhist with an eminent monk-like image and dedicated to saving the distressed. His opponents and comrades alike have to admire his "superb ability" in this aspect alone. Certainly, among the old, middle-aged, and younger generations in today's officialdom, no one can surpass him.

As everyone knows, Chen Li-an, born in 1937, is the eldest son of former Vice President Chen Cheng. For this reason, the Chen Cheng faction and the former subordinates of his father have all along respected Chen Li-an as the "young master." As he comes from a high ranking official family and as his father was a very powerful person, he has been classified as the second generation of the non-native nobility since his debut in officialdom. After graduation from the high school affiliated with Teachers University, he was sent to the United States for higher education as a so-called junior Chinese student studying abroad. He therefore never performed military service. In those days of martial law, "evading" military service was unthinkable to common people.

Despite this "shortcoming" of lacking military service experience, Chen Li-an has pretty admirable credentials. After receiving a doctoral degree from New York University in the United States, he returned home and served successively as president of the Mingchi Institute of Technology, director of the Department of Technological and Vocational Education under the Ministry of Education, president of the National Taiwan Institute of Technology, vice minister of education, director general of the KMT Department of Organizational Affairs, deputy secretary general of the Kuomintang, chairman of the National Science Council, minister of economic affairs, minister of national defense, and currently as president of the Control Yuan.

When Chen Li-an first appeared in officialdom, because of his family background, education, and outstanding talent and appearance, he and Lian Chan, Chien Fu, and Shen Chun-shan were called the "four eminent princes." The "young master" did have an early carefree life, marked by romance and elegance. After becoming a Buddhist, he admitted as much in a speech once, saying

he had spent his youth in vulgar activities before finally tiring himself out. Only then, he added, did he realize his mistakes. From these words, we can imagine how colorful his life must have been in those years.

Each of the four eminent princes had his forte. Although Chen was not the eldest, he was always regarded as the head of the four because of his wit and aggressiveness. At that time, Lian Chan was merely a youth at the side of a proud and energetic Chen Li-an, and had yet to show his prominence. Now, things have changed. Of the four princes, Shen Chun-shan withdrew from political circles long ago. Chien Fu, known as the "talented diplomat," has become the "most senior" minister in the cabinet after Wu Po-hsiung, who was promoted to secretary general of the Office of the President. Chen Li-an has become the president of the Control Yuan—a president with Buddhist beads in hand. Lian Chan, previously the quietest of the four, not only holds the high post of the premiership, but has also been selected, though not officially announced, by Li Teng-hui, as the future presidential successor. The four princes must have varied feelings when looking back at the ups and downs dictated by their fates.

The prince's pompous and comfortable life changed radically after Chiang Ching-kuo passed away and was succeeded by Li Teng-hui. Following two years of pretentious "unity and harmony," relations between Li Teng-hui, a representative of the native force, and members of the old conservative force, including Hao Po-tsun, Li Huan, and Chiang Wei-kuo, eventually changed from covert contention to open rivalry. This triggered the political strife in February 1979 and sowed the seed for the seven-year-long struggle between the mainstream and the non-mainstream factions.

The nonmainstream faction tried to drag down Li Teng-hui from his throne of power at one stroke. It planned to put up new candidates for the presidency and vice presidency and have the National Assembly, then dominated by senior assemblymen, remove Li Teng-hui and Li Yuan-su from their posts. The actual helmsman for this "coup" planned by the non-mainstream faction was Hao Po-tsun, the military power holder at that time. The original scheme designed by Hao Po-tsun was to let Lin Yang-kang and Chen Li-an, that is, the so-called "Lin-Chen pair," become president and vice president. As an initial step, however, the non-mainstream faction dished up a "Lin-Chiang pair"—Lin Yang-kang and Chiang Wei-kuo—as a smoke screen to hoodwink the enemy.

After the key members of the nonmainstream faction, namely Hao Po-tsun, Li Huan, Lin Yang-kang, and Chiang Wei-kuo, formulated the plan, they delegated

Hao Po-tsun to actively persuade Chen Li-an, the "best costarring actor," to join their faction. One reason was that Hao was an authentic follower of Chen Cheng's "Civil Engineering Faction." Chen Li-an was on very good terms with Kuan Chung. Seeing Kuan Chung's "miserable condition" when abused by Sung Chu-yu, Chen Li-an feared that he himself could be the next target. Swayed by such a feeling of crisis, plus Hao's persuasion and promise, Chen Li-an resolutely agreed to join the nonmainstream faction. This is why one day Chen Li-an, then minister of economic affairs, suddenly invited reporters to a gathering at Vice Minister Wang Chien-hsuan's home. At the gathering he talked profusely about his idea of a "cabinet type government system" under which "the president is a head of state in name only."

To put it bluntly, Hao Po-tsun's enthusiasm in advocating the "Lin-Chen pair" instead of the "Lin-Chiang pair" was because Chen was a "child" and easy to control. Later, Lin Yang-kang saw through Hao's scheme and insisted on starting their plan with the "Lin-Chiang pair." Lin's suspicions proved justified later. When the curtain closed on the February political strife, Hao replaced Li Huan and immediately contended in earnest for military power with Chen Li-an, then minister of national defense. Under the lingering influence of Hao, a military strongman, Chen became a puppet whose "orders never got out of the minister's office."

However, Lin Yang-kang's insistence on the "Lin-Chiang pair" later proved a great benefit to Chen. Due to the failure of the "Lin-Chen pair," Chen Li-an, always quick and sharp in making decisions, immediately made up his mind to withdraw and maintain "a safe distance" from the nonmainstream faction. That's how, when the "eight veterans" came out to mediate the several rounds of the "earth-shaking" factional struggle, Chen was able to avoid being involved. Since he had withdrawn from the arena before most people discovered his connection with the nonmainstream faction, he could still preserve his "reputation and integrity."

By that point, Chen Li-an's alertness and wisdom were already fairly perceivable. But what truly caused political circles not to take him lightly were two things. When the factional strife ended, the non-mainstream faction suffered severe setbacks—Premier Li Huan stepped down, Lin Yang-kang returned to the Judicial Yuan, and Chiang Wei-kuo was forced to travel abroad. Only Hao Po-tsun ascended to another floor. Meanwhile, the mainstream faction also experienced a bad shock. Seeing this unprecedented factional struggle, the people of Taiwan had mixed feelings of hatred and fear. They bitterly detested the deceptive antics of politicians. Chen Li-an, though without a very striking non-mainstream

"label," also suffered emotional injury. The only way for him to truly heal his injuries and stifle the pain was to thoroughly "keep away from" factional involvement. Only thus could he have a chance to start a "new life." If he kept on associating with the old force, which was dwindle with the development of democratization, wouldn't he also be doomed, together with that force?

While thinking hard for a "change," Chen came across Buddhism. The more he probed into this religion, the more he felt its breadth and profundity. He changed drastically. It was a few months after the end of the February political strife that Chen announced he had formally become a Buddhist at a ceremony held at the Lingchuan Temple, and that he respected Monk Weichueh as his Buddhist teacher. He also told people that he would become a vegetarian, would put away his clubs (golf clubs), stop drinking, and refrain from all kinds of social intercourse, and that he would no longer dye his hair.

Even more surprising, Chen began his Buddhist life by "abandonment." He gave away all antiques, calligraphic works, and paintings that he had treasured for years. He all but stopped contacting the friends with whom he used to keep company. Sightseeing and other leisure activities were replaced by Buddhist and public welfare activities. An official of the middle-aged generation who used to play golf with him said unbelievably: "In the past when we played golf together, Chen Li-an haggled over every stroke. How is it that, all of a sudden, he becomes a sage?"

After becoming a Buddhist, Chen had almost no personal contact with people in political circles, not to mention those of the non-mainstream faction. Nonetheless, when Hao was forming his cabinet, Chen Li-an, a Buddhist "holding aloof" from contention for fame and official position, unequivocally apprised the mainstream faction of his desire for the post of minister of national defense. At that time, Sung Chu-yu, blamed as the "source of trouble" in the political strife, also wished to leave the Kuomintang headquarters and take up the post of minister of national defense. Between the two, Li Teng-hui ultimately satisfied Chen Li-an's desire. After this information became public, quite a number of legislators were surprised. They doubted that a person "standing aloof from worldly affairs" could suitably fill the post of minister of national defense.

During his tenure as minister of national defense, however, Chen could not fulfill his ambition. With a long military career in the past, Premier Hao Po-tsun had a deep-rooted influence in the armed forces. How could he take Chen seriously? So, the word in the military was

that Chen's "orders could not go out of the minister's office." In particular, when news broke that Hao himself presided over a military meeting, Li-Hao disharmony came into the open, and Chen's unhappiness was no longer a secret. Since Li Teng-hui and Chen Li-an shared a bitter hatred of Hao's domineering, the period when Chen was the minister of national defense was one marked by the most concerted interaction between Li and Chen.

Unwilling to remain in the Ministry of National Defense, Chen thought that the best place to "cultivate his fame" would be in the post of the Control Yuan president. In February 1993, when the Control Yuan was reorganized into a quasi-judicial organ, Li nominated Chen as the president of the Control Yuan. At that time, many people in political circles thought that, through this arrangement, the mainstream faction was announcing that Chen had reached the "peak" of his official career, just as it had done in naming Lin Yang-kang as the president of the Judicial Yuan. No wonder then that when Chen made known his decision to run for the presidency, the mainstream faction went all out to blame Chen for his "lack of gratitude" because "we had given him everything he wanted, from the economic and defense ministries to the president of the Control Yuan..."

Since Chen assumed the post as president of the Control Yuan, his activities and style have become more withdrawn and mysterious. First, he has tried to keep away from the media. After taking office, he told other Control Yuan members not to make careless remarks to the outside. Second, because of the provision in the Constitution that "members of the Control Yuan must be beyond party affiliation," Chen has resigned as a member of the Kuomintang Central Standing Committee and withdrawn from all party activities. This style of isolating himself from the party, government, and media, plus his way of speech, which always contains Buddhist philosophy, has given most people the impression that he really wants to withdraw from officialdom as a result of his thorough awakening.

Chen is not only indifferent to things outside the Control Yuan, but also lacks aggressiveness toward the in-house work. Everyone from the top down knows that Chen seldom pays attention to the "worldly affairs" handled by the Control Yuan. He assigns all documents, whether they deal with major or minor issues, to Secretary General Chen Feng-i, who has thus won the title of "underground president." Even official papers from Control Yuan members, who are on an equal footing with the president under the "collegiate system," are handled by the secretary general. Because of this, quite a few Control Yuan members believe that Chen intends

to change their organ from the "collegiate system" to a "system where the leader holds sway."

Additionally, Chen has issued the instruction that all first grade chiefs in the Control Yuan should not come to see him without reporting to and getting permission from the secretary general. One first grade chief said jokingly: "Over the past two years or so, I met with him personally only on two occasions. One was the personal interview when I was summoned to his office shortly after he took office. The other was at the time of my transfer to a new post." Seeing this style of administration, some bewildered people commented that this Control Yuan president has a strong class sense despite his belief in the Buddhist teaching that "all living creatures are equal."

Chen's lack of concern with the work of the Control Yuan during his two years in office does not mean he has sequestered himself so that he may cultivate his religious faith behind closed doors. On the contrary, he has accomplished the "service" of making more than 300 speeches on Buddhism, averaging one every two days. Recently, Lin Jung-yao, former director of the Judicial Officer Training Institute, was impeached by the Control Yuan because he used more than 180 days for official travel in a year when he worked with the Tainan Higher Prosecutor Office. Perhaps because Chen Li-an's frequent speech-making trips were aimed at "publicizing Buddhism" or because he did not ask the government to pay his travel expenses, these trips did not invite criticism for his "failure to attend to his proper job" or "dereliction of his duty." In fact, the speech-making trips have made him a person of "noble character and high prestige" and won him the respect of the people.

Though Chen Li-an is willing to make speeches to "save" people, he does not accept everyone's invitation. As a matter of fact, while he has no objection to going to social groups, government offices, businesses, and even jails to deliver speeches, his itinerary never includes educational institutions under the high school level. Seeing this, some people asked: Don't those young people full of sap need to be saved? Or is it because they have no right to vote?

Despite his indifference to the duties of Control Yuan president, when major accidents concerning "the people's well-being" have occurred in society, Chen not only has played a very positive role but has even interfered in the Control Yuan members' independence in making investigations. Take for instance the sensational case of the "Wei-erh-kang fire." At the beginning, the Control Yuan members, after certain influential persons interceded, failed to pass the proposal to impeach Taichung Mayor Lin Po-jung. This invited public complaint and indignation. Chen not only immediately went

to console the victims' family members who were on a hunger strike to protest the Control Yuan's decision, but also held a "forum" with Control Yuan members to listen to their opinions. Finally, under Chen's "influence," the Control Yuan, upon a second review of the case, adopted a resolution to impeach Lin Po-jung. At the time, some people praised Chen as "the best official of the Republic of China." But few people dared to point out that what Chen did was actually "directing" the Control Yuan members in carrying out their duty.

The same thing happened in the investigation of the "Changhua Fourth Credit Cooperative Bank case." To get acquainted with the progress in handling the case, Chen "interviewed" the Control Yuan members who investigated the incident on their own initiative. What is more, he appointed an additional Control Yuan member to assist in the investigation. This strong style enraged many Control Yuan members, who were yet reluctant to speak.

Perhaps this is why the Control Yuan has a bad image while its president, Chen Li-an, enjoys high prestige. Chen deliberately keeps a distance from the Control Yuan at ordinary times, but strongly intervenes in its affairs at crucial moments. He is a peculiar figure in the political arena.

Chen Li-an not only has an image respected by the general public, but is regarded as a "good teacher" by some of his colleagues in political circles. Last year, Wu Po-hsiung was stumped as to whether he should run for provincial governor. He asked Chen Li-an for advice. Chen told him that social and political stability was needed. After hearing this, Wu Po-hsiung was "suddenly enlightened." The next day, he announced his decision to give up his candidacy. Who could predict that after one year Chen himself would say he must step forward to run for the presidency because "the public mood is not stable."

"Enlightened," Wu withdrew, and Chen began campaigning for the election. It is no surprise that some people say Wu's "attainment" cannot match Chen's. A prominent personage of the middle-aged generation has said: Chen Li-an can restrain himself for such a long time and disguise himself so successfully. For this alone, we have to be impressed.

***Taiwan: Taipei Journal Polls Voters on Presidential Elections**

96CM0094A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 21 Oct 95
No 449, pp 57-60

[Article by Cheng Ling-hui (4453 6875 1920): "Democratic Progressive Party Garner Highest Satisfactory Rating in Poll"]

[FBIS Translated Excerpt] [Passage omitted]

The first popular presidential election has long been the hottest conversation topic. The media too have entered the fray by organizing a string of contests by which members of the public are asked to predict the winner. Those who predict correctly will collect a prize. This magazine's own public opinion poll this year also asked the public to project who will be the successful candidate in the presidential election. As many as 57.3 percent of those polled said Li Teng-hui [2621 4098 6540] would be elected. Others picked Chen Lu-an [7115 1462 1344], 6.1 percent; Peng Ming-min [1756 2494 2404], 3.6 percent; Lin Yang-kang [2651 3152 3263], 1.9 percent; Wang Chien-hsuan [3769 1696 3551], 0.4 percent; and Shih Chi-ching [2457 1376 7230], 0.2 percent.

All candidates, with the sole exception of Li Teng-hui, received twice as many "votes" from the people surveyed as their probability of being elected president. The number of votes cast for Li Teng-hui in the poll, on the other hand, was half of his probability of winning the election. Below are the votes received by the candidates:

Li Teng-hui: About 30 percent of the public have decided to vote for him, far more than that for any other candidate and enough to put him over the top with just a little more effort, but still a tad embarrassing for someone who claims to be the "people's choice."

Chen Lu-an: 14 percent of the people have decided to cast their votes for him.

Peng Ming-min: 7.1 percent.

Lin Yang-kang: 5.8 percent, three and a half times higher than the probability of his winning the election.

Wang Chien-hsuan: 1.8 percent, four times greater than his chances of being elected.

Shih Chi-ching obtained 0.4 percent of the votes.

Even among those who expected Li Teng-hui to capture the presidency, less than half said they would vote for him. In contrast, among those who said Chen Lu-an, Lin Yang-kang, or Wang Chi-ching would win, over 70 percent have decided to vote for their respective presidential hopeful. As a matter of fact, 80 percent of

those who expected Peng Ming-min to win said they would vote for him. Typically, people want to jump on the successful candidate's bandwagon. It is interesting that such electoral conventional wisdom does not apply to those polled who expect Li Teng-hui to win.

The Democratic Progressive Party [DPP] had to go through a two-step primary before it came up with a candidate for the presidential election. Has it really gotten over its "Li Teng-hui complex?" It will not "dump Peng Ming-min to save Li Teng-hui," will it? Will the various internal factions within the DPP manage to close ranks? According to the survey, 35.3 percent of DPP members said they would vote for the party's standard-bearer, Peng Ming-min, and 23.5 percent would pick Li Teng-hui. Even Chen Lu-an garnered 17.6 percent of the votes while another 17.6 percent had no opinion or said "don't know." These numbers speak volumes about the DPP's intra-party crisis.

"No more than half for the three parties." This was the foremost demand of the opposition parties during the parliamentary elections this year. It put the KMT on pins and needles, but does it really amount to anything more than a slogan? Or would the "no-more-than-half-for-the-three-parties" demand reenact itself on the floor of the National Assembly, in much the same way that it did in the Taipei City Council?

Let's compare the questionnaire results this year with last year's. This year the KMT, the ruling party, earned a 32.1 percent satisfactory rating, down 4 percentage points from last year and setting a new low record. Although its unsatisfactory rating slipped almost 1 percentage point to 40.9 percent, it still left a gap of almost 10 percentage points, seriously jeopardizing the KMT's ruling party status. One cannot help but wonder who is really for the ruling party.

As for the DPP, its satisfactory rating improved from 32.7 percent last year to 36.8 percent this year, outperforming the KMT for the first time and higher than that for any other party. Its unsatisfactory rating also dropped from 43.3 percent to 33.7 percent during the same period, making the DPP the only political party to have a satisfactory rating higher than its unsatisfactory rating. More and more it is poised to overtake the KMT as the ruling party. It does not really make sense for it to echo the "no-more-than-half-for-the-three-parties" line.

What does the public think about the New Party two years after its founding? Poll results indicate that both its satisfactory and unsatisfactory ratings rose almost 7 percentage points to 24.9 percent and 26.2 percent, respectively. Note that in last year's poll over 60

percent of the people surveyed did not know or had no opinion on the New Party's checks-and-balance performance. Such responses have dropped below 50 percent this year, suggesting that more and more people are beginning to know "what the party is up to."

If we analyze the poll results by sex, the KMT's satisfactory rating among men suffered the sharpest in the past year, from 40 percent to 31.9 percent; on the other hand, women gave it a higher satisfactory rating, 32.4 percent. Last year, women were more likely than men to view the New Party with satisfaction. This year, however, the party's satisfactory rating among women was 5 percentage points lower than that among men, indicating that the party may not have done enough to woo the female vote. On the other hand, the DPP's satisfactory rating among women shot up 6 percentage points from last year, a measure of the party's success in cultivating the female vote. To sum up, while women were more likely than men to look upon the KMT favorably, they gave all other parties a lower satisfactory rating than men. In fact, they were far more likely (over 10 percentage points) to give no response or to say "don't know" than men. Women may be holding up half the sky, but politically they are still more apathetic.

An analysis by age shows that the 18-29 age group, which had the highest satisfaction with the New Party and least satisfaction with the DPP last year, expressed the highest satisfaction with the DPP and least satisfaction with the KMT a year later. The DPP, which has long made the pension plan its main demand, garnered satisfaction from the above-60 crowd at a rate far lower than the other two parties, a mere 23.5 percent, while earning dissatisfaction at a high 37.9 percent, more than any other party. Those between 50 and 59 years of age were least happy with the New Party; only 10 percent said they were satisfied with it while as many as 30 percent expressed the opposite sentiment. This age group, in fact, was the most politically alienated group, its members being more likely to express no opinion or say "don't know" than any other age group, over 40 percent for all parties and a high 60 percent in the case of the New Party. Elderly people above 70 expressed the most satisfaction with the New Party.

It seems that the more formal education a person has had, the more likely he was to approve of the DPP. On the other hand, those who had graduated from high school or vocational school gave the highest satisfactory ratings to the KMT or the New Party. The more highly educated a person, the less likely he was to answer "don't know" or express no opinion. However, this curve rises sharply for people with Ph.D.'s, even higher than those with an elementary school education. Does the political passion one feels while pursuing a master's

degree simply give way to political indifference or a sense of political impotence? It is hard to tell.

When we looked at the party affiliations of the people polled, we made an interesting discovery. Both New Party members and KMT members expressed a fair degree of satisfaction with the checks and balances performance of the other party, which may sow the seeds of future cooperation between the two parties. [passage omitted]

***Taiwan: Weekly Weighs Presidential Candidates' China Policy**

96CM0094B Taipei TAIPEI HEIPAI HSINWEN
[TAIWAN WEEKLY] in Chinese 1 Oct 95
No 104, pp 28-30

[Article by Li Yi-ren (2621 5030 0088): "China Policies of Li Teng-hui, Peng Ming-min Analyzed"]

[FBIS Translated Excerpt] [Passage omitted]

The presidential election next year will be more than a test of the democratic maturity of Taiwan's electorate. It is almost certain that the various candidates' China policy proposals will command the closest and most urgent attention from Taiwan's voters. The reason is that they concern Taiwan's future as a nation and the integrity of its national sovereignty. The proposals of the successful candidate will ultimately and inevitably affect the future relations between the two sides of the straits as well as the political and economic stability of Taiwan. Every vote cast in the election next year, therefore, is the best indication of the voter's position on whether Taiwan should maintain the status quo. The voters' choices will decide Taiwan's future relations with China, which, in turn, are very likely to influence Taiwan's relations with every other country. This is why personnel stationed in Taiwan by nations around the world have expressed a good deal of interest in the candidates' China policies.

As if by prior agreement, Li Wen-chih [2621 2429 1807] and Yen Chien-fa [7346 1696 4099], both researchers at the National Policy Center, have suggested that we can conduct a more objective analysis of the impact of the candidates' policy proposals on relations between the two sides of the straits by examining it from such variables as diplomacy, economic development, co-equal relations between the two sides, military tension, and exchanges.

Using this analytical framework, let's suppose Li Teng-hui [2621 4098 6540], the KMT candidate, wins the election: 1) In foreign policy his position is that Taiwan should expand beyond its existing area of operations on the world stage. He has said that there is no alternative

but to seek to join the United Nations. If Li Teng-hui is elected, conflicts between the two sides will remain unavoidable in the days ahead. 2) Co-equal relationship. Li Teng-hui has always couched the KMT's so-called "one China" policy in the language of two co-equal political entities existing within one divided country and has firmly rejected the CPC's argument that Taiwan is a local government on a par with Hong Kong. Given Li Teng-hui's position, the strained relationship between "KMT in Taiwan" and Beijing will continue. 3) Turning to economic intercourse between the two sides, Li Teng-hui encourages Taiwan companies to head south as well as "go west." In other words, he takes a more cautious approach toward investment in the mainland. As for the "three-exchange" policy, the current policy of the KMT regime is to proceed in accordance with the national unification plan and lift restrictions in stages. 4) Most people in the KMT and other political parties are not opposed to educational and cultural exchanges with the mainland. In fact, they consider such exchanges a lubricant in cross-straits relations. This is why Li Teng-hui is a strong proponent of sending agricultural technical aid to China.

If KMT's Li Teng-hui remains in office, therefore, it seems that the straits relationship will continue to be what it is now, a mix of cooperation and contention. There is no negotiated solution in sight to the political confrontation between the two. When the Chinese Communists get upset, they may seek to exert pressure on Taiwan through military intimidation. As for the Taiwan people, they are not likely to be thrilled with a policy that merely postpones the problems. The Li Teng-hui Administration may find itself caught uncomfortably between a rock and a hard place in the days ahead.

Suppose Peng Ming-min [1756 2494 2404], the Democratic Progressive Party's [DPP] standard-bearer, comes into power in Taiwan. Such a political change will stun the world and introduce a brand-new look in cross-straits relations. 1) With his Taiwan-centered foreign policy, Peng Ming-min will certainly be much more energetic in his drive to find more maneuvering space for Taiwan in the international arena. Taiwan also will become more aggressive in its quest to join the United Nations. These actions are bound to deepen hostility in Beijing toward Taiwan. 2) In his effort to maintain a co-equal relationship with China, Peng Ming-min will counter Beijing's claims for sovereignty over Taiwan and other policy declarations with a "one Taiwan, one China" policy. A Peng Ming-min administration will also make ringing appeals to the people of Taiwan to unite from top to bottom to stand up to the military intimidation from China. Unless Beijing really invades Taiwan with naked force, its military threats will lose

their effectiveness over time. 3) Peng Ming-min attacked Hsu Hsin-liang's [6079 0207 5328] "go west" policy back in the primary election within the party. It is taken for granted, therefore, that a DPP administration will be even more cautious toward Taiwan investment in the mainland. A Peng Ming-min regime will make the internationalization of Taiwan investment the centerpiece of its policy, at the same time slowing the pace of "three exchanges." This will be a major policy shift that is certain to irk the CPC. 4) Even with the DPP in power, educational and cultural exchanges between the two sides of the straits are not expected to come to a halt unless the CPC unilaterally prohibits them. On the contrary, Taiwan may well expand bilateral exchanges in breadth and in depth to ease tension across the straits.

The biggest challenge facing a future Peng Ming-min regime is this: How to mollify the CPC's antagonism toward Taiwan and ward off a military conflict? Yen Chien-fa notes that in the wake of the missile crisis, both Peng Ming-min and Hsu Hsin-liang softened their speech during the primary and took a lower key approach, in contrast to the early days when the two candidates attacked Beijing sharply by emphasizing the dignity of the Taiwan people. Nor were they as insistent on the use of the national title "Taiwan Democratic Republic" as before. All of this indicates that the DPP has begun to take note of Beijing's potential disruptive effects on Taiwan politics and adjusted its policy accordingly.

During the election campaign next year, if Peng Ming-min can come up with a coherent set of convincing ideas that will ease concern on the part of the electorate that a DPP regime may escalate tension between the two sides of the straits, he stands a good chance of winning the election. With Peng Ming-min in power, the reality of Taiwan's national sovereignty and independence is certain to earn recognition and respect from the international community even if the CPC uses every diplomatic tool available to assail Taiwan. [passage omitted]

***Taiwan: Air Force Commissions IDF, E-2T Squadrons**

96CM0140A Taipei CHIEN-TUAN K'E-CHI
[DEFENSE TECHNOLOGY MONTHLY] in Chinese
1 Dec 95 No 12, pp 10-13

[Article by Pi Yun-hao (3968 7189 4110), Sung Yun-ning (1345 3768 1337), and Chan Hao-ming (6124 4110 0682) with gratitude to the Air Force General Headquarters for its assistance with interviews: "Special

Coverage of Air Force IDF Fighter and E-2T AWACS Joint Commissioning Ceremony"]

[FBIS Translated Text] Following a number of vicissitudes in the wake of the formal commissioning on 28 December 1994 of the Taiwan Air Force's first IDF fighter combat squadron (See p 8, issue 126 of this publication for details), the Twenty-Eighth Squadron of the Second Transitional Third Group, and the four E-2T AWACS aircraft that Taiwan purchased from the United States were jointly and formally commissioned on 22 November 1995 at Ch'ing-ch'uan-kang Base in Taichung.

Commissioning Ceremony

The commissioning ceremony was conducted at 1430 hours, President Li personally conducted the review. The commanding officer at the ceremony was Major General Sun Te-p'ing [1327 1795 1627], deputy commander of the Sixth Wing. At 1340 hours, the 16 single-seater and double-seater fighter planes that were to take part in the aerial fly-past were the first to take off in groups from the end of the runway, carrying only auxiliary fuel tanks slung along the center line of their bellies. Two E-2T AWACS, one that flew in from the sea off Taichung and the other from Pingtung Air Force Base, rendezvoused with them.

The ceremony began with two groups of two E-2T formations, each escorted by two IDF fighters. Next came four groups of three IDF fighters flying in triangular formation. The ground march-past included 19 fighters with one E-2T AWACS plane bearing the serial number 2502 in the middle, and flanked on the right and left by nine single-seater IDF production type fighters. On one side was also arrayed ground equipment made up of Model 1 and Model 2 Sky Sword missiles and loading vehicles. In addition one E-2T AWACS (2501) and one IDF single-seater production model fighter (1436) were on display at an exhibition site.

Current IDF Status

Among the aircraft in the ground display that were commissioned that day were nine single-seater production model IDF fighters lined up to the right of the E-2T AWACS. From the wing tips of each of the IDFs hung a Model 1 Sky Sword air-to-air missile, and along the mid-line of their bellies hung one 275L auxiliary fuel tank. Arrayed to the left of the E-2T AWACS were four single-seater and five double-seater production type fighters from each of whose wing tips hung one AIM-9P4 sidewinder air-to-air missile.

The IDF single-seater fighters at the equipment display area were standard air defense interceptors. In addition

to the Model 1 Sky Sword air-to-air missiles suspended from each of their wing tips, they carried one AIM-9P4 missile and one 275 auxiliary fuel tank under their wings. Along the center line of their underbelly hung two Model 2 Sky Sword air-to-air missiles. Exhibited at the front of the display area were IDF fighters capable of carrying both model air-to-air missiles, as well as air-to-ground weapons, including 20 mm Vulcan rotary gun, AIM-9P4 and Model 1 Sky Sword short-range air-to-air missiles, 19 Model LAU-60 multiple 2.75 inch rocket pods, Model CBU-20 cluster bombs, Model Mk82SE 226.8 kg (500 lb) low-drag bombs, Model Mk82 500 lb bombs, Model M117 340.2 kg (750 lb) bombs, Model 2 Sky Sword medium-range air-to-air missiles, and a 275L auxiliary fuel tank. It should be noted that at the time of the commissioning of the Seventh Squadron's Seed Drillmaster Detachment (See p 3 of issue 103 of this publication for details), the electro-optically guided AGM-65B Maverick air-to-air missile displayed on the ground had not yet appeared.

The Aviation Center's current temporary suspension of IDF fighter deliveries to correct a small production flaw will soon end. Beginning in December 1995, it will revive deliveries of two aircraft per month. In addition, according to Colonel Wang Ming-i [3769 2494 5030], commander of the Third Group, the Aviation Development Center has completed IDF fighter ground bombing strike tests. It is now waiting for the Air Force to conduct a complete combat environment evaluation. Furthermore, the already commissioned Eighth and Twenty-Eighth Squadrons have completed nighttime emergency intercept mission combat training, and they may take part in the upcoming Han-kuang No. 12 exercise.

Although the Aviation Development Center has temporarily halted deliveries of IDF production model fighters, judging from the production serial numbers on the IDF fighters displayed on the ground at the commissioning ceremony, the Aviation Development Center has already delivered 52 IDFs to the Air Force. After deducting the airplane bearing the serial number 1408, which was destroyed in a mishap on 4 July 1995, as well as six single-seater and four double-seater prototypes, Third Group has a total of 30 single-seater and 11 double-seater production model IDF fighter planes.

E-2 T Spreads Its Wings

After the four E-2T AWACS that Taiwan purchased from the United States arrived by sea at Kaohsiung Harbor in September 1995, Air Force personnel towed them to the harbor airfield where the seals were broken and they were made ready. Then they were flown to Pingtung Air Force Base by test pilot personnel from

the Northrup-Grumman Corporation. Following nearly two months of preparedness training by the Sixth Mixed Wing, and participation in the Hua-hsing Exercise in October, an AWACS electronic warfare aircraft contingent was formally founded at Ch'ing-ch'uan-kang Air Force Base. Another electronic warfare airplane (1351), the C-130H, which was jointly developed by the Chungshan Scientific Research Institute (Hsienchi Plan) in cooperation with the American Lockheed Aircraft Corporation, remains under wraps.

The formal commissioning of these four E-2T AWACS makes Taiwan the third country in East Asia to have AWACS aircraft. In addition, since the performance of the Taiwan Air Force's E-2T is identical with that of the American Navy's E-2C Group II, Taiwan's Air Force is the only one in the world other than in the United States that has the newest model E-2. Interestingly, the original factory model number on the tails of the E-2T AWACS that Taiwan purchased are identical with the American E-2Cs, and not the E-2Ts that are familiar elsewhere in the world.

Concluding Remarks

With the E-2T AWACS and the second IDF fighter plane squadron's assumption of war preparedness duties, Taiwan's Air Force, which has consistently lagged in combat strength in recent years, is gradually growing stronger. In addition to continuing to find means to retain and train outstanding human talent, of most importance for the Air Force is working with the Aviation Development Center to make the IDF a mature combat plane, simultaneously setting up an E-2T and ground control center, and a major command and communications system between combat aircraft and the Navy, and then setting up data links with the F-16A/B, MLT and Mirage 2000-5 fighters that continue in service to make the most of total air defense combat capabilities.

*Taiwan: Suspension of P'enghu County Magistrate Questioned

96CM0096A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 7 Oct 95 No 447, pp 40-41

[Article by Yang Ho-lun (7799 0735 0243) (Report on the South): "Wither P'enghu County Magistrate Kao Chih-p'eng (7559 2784 3403) After Being Relieved of His Official Duties? Stands in the Way of People Making Money and Offends People in Power. Kao Chih-p'eng Preparing To Write a Book in Prison"]

[FBIS Translated Excerpt] P'enghu County Magistrate Kao Chih-p'eng, who was sentenced to a suspended sentence for suspicion of having forged official documents, suddenly had his suspended sentence nullified in a sec-

ond trial as did four nurses. Furthermore, within two days, the provincial Department of Civil Affairs had a messenger deliver a document that very quickly suspended Kao Chih-p'eng from his official duties as of 26 September, the document being delivered on 30 September. Both the second verdict nullifying the suspended sentence, and the provincial government's great efficiency in issuing an order suspending Kao Chih-p'eng from the performance of official duties seem extremely abnormal.

However, Kao Chih-p'eng was very open-minded in the face of all this. On the day he was suspended from official duties, he traveled to Tahsi and Chiaohsi with an elected member of the P'enghu County Council to relax and enjoy himself. He will also tour various jurisdictions before the end of the year to help the elections of comrades in the Democratic Progressive Party [DPP]. Early in 1996, he plans to practice medicine in rural villages, setting up a practice in out-of-the-way places that have no medical doctors such as Fengkui hamlet in southern P'enghu. If a third trial rules that he must serve a sentence, he plans to write a book in prison about what goes on behind the scenes in the P'enghu political arena. After being released from prison, he will continue to run for a provincial assemblyman, legislator, or county magistrate seat. He will always serve the people of P'enghu County.

When Kao Chih-p'eng, received this correspondent for an interview while vacationing on the 27th, he was in much better spirits than a week earlier when he received the court's written verdict. Before speaking on his own behalf, he complained repeatedly about the injustice done to the four nurses who had been convicted in the same case. He said, he constantly hoped that the judge at the third trial would restore justice to them in order to avoid splintering of four families.

Kao Chih-p'eng reiterated that the lawsuit against him was political pressure; it was meddling in the trial's outcome. He also emphasized that it was not at all surprising that he should have been chosen as the target for attack, but it was more inexcusable that other innocent people had also become sacrifices on this account. [passage omitted]

Kao Chih-p'eng also said that he had consulted many people in the legal profession who said that it is unique for a suspended sentence to be overturned in a second trial of a case for which the sentence is less than two years when it is neither a major corruption or murder case nor one in which those involved have a criminal record or are fugitives. However, the Kaohsiung branch court did uphold the suspended sentence of Cheng Yen-hung [6774 5333 4767], one of the five sentenced

nurses, because she is suffering from uterine cancer. These people are really very pitiful.

On 23 September, Kao Chih-p'eng retained a lawyer for a third trial appeal, and he hopes that the Superior Court judge will try this case quickly and render a decision quickly. If a final verdict is not reached by October 1996, that will show that troublemakers are purposely dragging it out. He will announce his resignation, and a supplementary election will have to be held for the county magistrate position in order to avoid having the vacant county magistrate seat continue to be occupied by an acting magistrate who lacks popular support.

He said that if a guilty verdict is returned in the third trial, he will serve a prison sentence. However, while in prison, he will write a book about the fantastic party, government, military, judiciary, and social phenomena he has witnessed since taking part in government. His "P'enghu Experiences" will create many "Taiwan Firsts." It should make very worthwhile reading.

Kao Chih-p'eng stated that he had known for a long time that the second trial of this case would result in a different verdict since even a month before the verdict was announced, following a collective visit to the justice of the Kaohsiung high court branch, the chairman and deputy chairman of the P'enghu County Assembly, and a number of assemblymen, had made remarks after returning to P'enghu such as "Kao Chih-p'eng will be judged guilty!" and "He will go to jail." Furthermore, everyone is aware of the relations with the courts of the head of the P'enghu County Assembly, Huang Chien-chu [7806 1696 4591], and his younger brother, Huang Wan-chih [7806 2519 2535], who played the leading role in the Yung-an Investment Company case. However, the Kaohsiung high court branch denies that this visit was for political interference.

Kao Chih-p'eng believes that some people are anxious to oust him from the P'enghu County government. There are two main reasons. One is that he got in the way of people trying to get rich and he offended too many powerful people while in office. The other is that some other people want to take his place. Quite a few township and town projects in P'enghu have recently come to a halt. Private inquiries show the reason is "wait until Magistrate Kao steps down before issuing contracts." In recent days, when it was confirmed that Kao Chih-p'eng would be relieved of his official duties, the head of the P'enghu County Assembly began making plans. He asked more than ten assemblymen to prepare to sign a joint request that the party headquarters nominate him as the county magistrate in a supplementary election.

Kao Chih-p'eng cites the major instances in which he got in the way of people getting rich and offended powerful people such as the county assembly dormitory project. During interpellation, even assemblymen themselves revealed that "each assemblyman received a NT\$30,000 gratuity," the main reason being uneven distribution of spoils. Another example was the P'enghu Assembly building project for which the budgeted amount went from NT\$80 million to more than NT\$150 million, which also involved some behind-the-scenes shenanigans. Kao Chih-p'eng claims that this was the main reason for his unwillingness to take part in the opening ceremonies or to endorse them. He also claims that data on these two cases can be found in the Assembly Bulletin, and in the investigation station but that it has not been touched.

In addition, the family owned plant of a leading assembly official has been taking sand from the most beautiful beach in P'enghu for the past 15 years, causing serious damage to the environment. Successive county magistrates have had no choice but to renew the contract under pressure. Kao Chih-p'eng's order in March 1995 not to extend the contract provoked a major reaction from those affected.

Another instance occurred during the election of the P'enghu County Assembly speaker and deputy speaker when Kao Chih-p'eng, in the capacity of a ballot supervisory official, saw six assemblymen show their ballots at the polls. He reported the matter to the chief inspector, Lin Hui-huang [2651 6540 3552], who was an "observer" at the polling place, but the local P'enghu inspection office never took any action, much less did they take any action to investigate rumors of bribes of NT\$1.4 million paid by the speaker and of NT\$400,000 paid by the deputy speaker when running for election to the Assembly. Lin Hui-huang, the chief inspector, was a well-known second lieutenant and military court official in the important Meili Island trial that year.

Kao Chih-p'eng himself believes that this report to the authorities may have been the biggest reason for the animosity against him in the Assembly.

Kao Chih-p'eng, who has consistently maintained ever since suit was filed against him that "I acknowledge no crime," said that even the Kuomintang Party Headquarters secretary, Hsu Shui-te [6079 3055 1795], has said openly things such as, "We have our own people in the courts..." so is there any case in which the Kuomintang cannot meddle? In a political case like this one, especially, the Ministry of Justice Information Bureau first decides "guilt," then goes looking for "evidence." As a result, it mobilized as many as 100 people, and searched through more than 30,000 labor insurance forms with-

out finding any evidence of bribery or attempt to profit, only then changing to filing suit on suspicion of document fabrication. Actually, the 80 so-called questionable forms were all prepared according to law. In his capacity as a medical doctor, Kao relied on the nurses to sign the forms, himself adding a countersignature only afterwards. At most, this is a violation of the medical doctor law, and not the illegal fabrication of documents. Therefore, the verdict reached in the first trial of this case was obviously political pressure. The annulment of the suspended sentence in the second trial resulted from more blatant political interference.

Yet another abnormal phenomenon that Kao Chih-p'eng cites in this case is that the chief inspector of the P'enghu Inspector's Office, Huang Shih-ming [7806 0013 6900], did not accept the first verdict against Kao Chih-p'eng. On the second day of the appeal, he elevated the appeal to the chief inspector of the Chiai Inspector's Office. This was a very unusual special instance in court circles. Usually, the P'enghu chief inspector makes transfers to Huatung. Furthermore, his more than 20,000 word appeal must have been written before Kao Chih-p'eng left the court. Clearly, it was earlier "decided within."

As for statements about standing in the way of people getting rich and offending powerful officials, Kao Chih-p'eng's confidential secretary, Ho Ch'ing-feng [0149 72330 1496], has more details to add. He said that County Magistrate Kao pressed Li Teng-hui in person for county real estate, and although he was able to take back the Kuomintang P'enghu County party headquarters, which was turned into a government employees and teachers welfare center, he offended the top leadership by so doing. Furthermore, the National Salvation Corps Activity Center public land takeover case, in which the land was on the verge of being taken back, may possibly be put on hold because of Magistrate Kao having been relieved of his official duties. Another large construction project was the Chinglo Wetlands Environmental Protection Park, which even the Environmental Protection Office had announced it was going to abandon, showed new signs of life following county government coordi-

nation in arranging condemnation of the land for use as a park, but this too may now die aborning.

Taiwan: Haitian Daily To Correct Report on Check From Taipei

OW1602063296 Taipei CNA in English
0201 GMT 16 Feb 96

[By Benjamin Yeah]

[FBIS Transcribed Text] Taipei, Feb. 15 (CNA) — Haiti's LE NOUVELLISTE daily has agreed to correct a report it published Wednesday [14 February] claiming that newly inaugurated Haitian President Rene Preval turned down a U.S.\$1 million check from the ROC [Republic of China] government that was made out to him personally, the Ministry of Foreign Affairs said Thursday.

A Foreign Ministry official said the report caused great harm to both the ROC and Haiti after it was transmitted worldwide via the Paris-headquartered AGENCE FRANCE PRESSE [AFP].

The Ministry of Foreign Affairs has filed a strong protest to AFP, the official said.

He asserted that the ROC has not provided Haiti with any money, nor has it extended any loans to Haiti since the two countries established official diplomatic links in 1956.

He said the ROC did have agricultural technician missions stationed in Haiti, but that they were withdrawn in 1994 due to political instability there.

The ROC recently resumed agricultural aid to Haiti, sending a group of rice-production experts.

The official also refuted another part of the newspaper report, which said the Haitian Chamber of Deputies had passed a bill calling for the establishment of official diplomatic links with Beijing. The official said the call was merely the proposal of a deputy, and has not been endorsed by the Haitian Parliament.

Hong Kong

Hong Kong: Zhou Nan Sends Lunar New Year Message to Hong Kong People

OW1502122796 Beijing XINHUA in English
1204 GMT 15 Feb 96

[FBIS Transcribed Text] Hong Kong, February 15 (XINHUA) — In a Lunar New Year message here today, Zhou Nan, Director of the XINHUA NEWS AGENCY Hong Kong Branch, called on the people of Hong Kong to cooperate with the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) in its work and make joint efforts for the establishment of the SAR, for a smooth transition and maintaining Hong Kong's prosperity and stability.

The Chinese Lunar New Year falls on February 19 this year.

The establishment of the SAR Preparatory Committee this January marked a new stage of the SAR's preparatory work, Zhou Nan said.

The Preparatory Committee will in the coming year keep close contacts with Hong Kong people, solicit their opinions through various channels, unite with Hong Kong compatriots for the establishment of the SAR and ensure that major decisions shall be made after consulting the views of Hong Kong people.

Zhou Nan expressed the hope that Hong Kong compatriots will unite more closely under the banner of loving the country and loving Hong Kong and under the lofty goal of safeguarding national sovereignty and maintaining Hong Kong's prosperity and stability.

With a sound development of China's economy, Hong Kong's long-term prosperity and stability can be guaranteed, he stressed.

With a strong backing from the motherland and the concerted efforts by Hong Kong compatriots, all obstacles will be surmounted for a smooth transition of Hong Kong, he added.

Hong Kong: Preparatory Committee's Selection Committee Panel Meeting

OW1502122696 Beijing XINHUA in English
1202 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — Members of the Selection Committee that will play a crucial part in the future of Hong Kong will be made up of permanent Hong Kong residents.

The decision was made when the Selection Committee Panel of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) held its first meeting in Beijing today.

Members reviewed and discussed the suggestions for preparing the establishment of the Selection Committee of the first SAR government proposed by the political panel of the former Preliminary Working Committee (PWC) of the Preparatory Committee for the Hong Kong SAR.

They agreed that members of the Selection Committee must be permanent Hong Kong residents and must support the "one country, two systems" principle and the Basic Law.

The composition of the Selection Committee must be in accordance with provisions of the relevant decisions of the National People's Congress and must be broadly represented, they pledged.

Those who join the Selection Committee will only represent themselves and will not be responsible for any sector or organ which they belong to, the members added.

In addition, they also decided that a survey on the formation of the Selection Committee will be conducted among the Hong Kong people this April.

Hong Kong: 'Nucleus' To Have 'Final Say' in Selection Committee Choice

HK1602085896 Hong Kong EASTERN EXPRESS
in English 16 Feb 96 p 2

[By Rain Ren in Beijing]

[PTS Transcribed Text for FBIS] A 13-member nucleus within the Preparatory Committee (PC) is expected to have the final say in the choice of the 400 members of the Selection Committee.

Yesterday's panel meeting on the Selection Committee decided that the body which would select the first special administrative region (SAR) chief executive would be picked by an inner group consisting of 13 senior members, including the PC director, vice-directors and other core members.

The Selection Committee, formed by four categories of the electorate, will also be responsible for the formation of a provisional legislature for the SAR, designed to replace the body elected last September.

Each of the organisations under the four categories is expected to recommend rather than elect its representatives to the Selection Committee.

Allen Lee, the chairman of the Liberal Party, says if the number of recommended candidates exceeded 100 for each category, the 13-member body would limit the figure initially to 125.

Then, under the Basic Law, the plenary session would allow members to nominate 100 members from the 125, representing each of four categories within the Selection Committee, namely: the industrial, commercial and financial sectors, the labour, grassroots, religious and other sectors; former political figures; and the professions.

Frederick Fung, the chairman of the Association for Democracy and People's Livelihood, seemed disappointed with the general assent to concentrate the committee's decision-making among just 13 officials.

The panel will hold its next meeting in Hong Kong in mid-April, and will meet for two days. Consultation sessions will run for another two days.

It is not known whether the Director of the Hong Kong and Macao Affairs Office, Lu Ping, will participate in these panel discussions, although he joined the panel's meetings yesterday in Beijing.

It is also understood the panel will form four consultation subgroups to assist the four categories within the Selection Committee.

The panel also agreed the future members of the Selection Committee should be Hong Kong permanent residents without the right of abode in any other country, and must support the principle of "one country, two systems" and uphold the Basic Law.

It decided members should join the Selection Committee in a personal capacity, rather than represent an organization or a constituency.

Hong Kong: Editorial on Preparatory Committee Controversy

*HK1602085996 Hong Kong EASTERN EXPRESS
in English 16 Feb 96 p 11*

[Editorial: "Still Room For Balance in Committee"]

[PTS Transcribed Text for FBIS] More controversy yesterday surrounded the Beijing-appointed Preparatory Committee (PC) as it decided that only its senior members — namely the director, Qian Qichen, and 12 deputy-directors and deputy-secretaries — will have the right of final decision as to whom will become members of the Selection Committee.

Ordinary PC members have been stripped of this ultimate decision-making power.

The Selection Committee of 400 members will be drawn from prominent figures in four social sectors, each of which is to be further broken down into various professional categories. Each category will "recommend"

a fixed quota of its representatives sit on the Selection Committee.

If these four sectors recommend more than 125 candidates, the 13 senior PC members will have the power to trim the number down to 125 before the list is passed to the full PC, to select the final 100 per sector.

The 13 senior PC members have reserved this power to provide a "filter" to eliminate candidates they deem to be pro-democracy, or whom they believe Beijing will not like.

They will have the right to reject any candidate for the Selection Committee. Among the 13, clearly it will be Qian who dominates the decision-making process.

If members of the four sectors do not want the senior 13 to exercise their veto, they will have to "recommend" exactly 125 people, or fewer.

If there were a great number of pro-democracy candidates among the 125 it could be embarrassing, because the 13-member PC "cabinet" will have no pretext on which to get rid of those they do not want. It will be an interesting, though complicated, power game.

Some professions — for example, the legal sector — have a strong Democratic Party influence. They are likely to recommend people Beijing dislikes, if they can precisely fill the quota allocated to them.

This would prevent the "cabinet" from eliminating anyone.

If all the professional groups shared this common understanding, they could give the PC "cabinet" — and Beijing — a bit of a headache.

Although the rules of the game are restrictively designed, there is still leeway for members of the four sectors to play politics. This means the Selection Committee should ultimately have a limited degree of representativeness.

It will be a difficult and delicate challenge.

***Hong Kong: Polls Assess Territory's Future**

95CM0468A Hong Kong CHIU-SHIH NIEN-TAI (THE NINETIES) in Chinese 1 Aug 95 No 307, pp 52-53

[Article by Yu Chi-wen (0151 7162 2429): "How Do the Hong Kong People See Their Future—A Talk Starting from Some Polls"]

[FBIS Translated Excerpt] [passage omitted] Perhaps it is worthwhile, first of all, to dwell on a public opinion poll on Hong Kong's political situation conducted by an organization with a very striking pro-Beijing background. The reason is that in our impression the

poll was the first of its kind on this subject carried out by such an organization.

The poll was conducted by the "One Country, Two Systems Economic Research Center" on 3-5 July. Over 1,000 telephone interviews were held (in Hong Kong, a poll generally has some 500 to 600 respondents). The following seven questions were asked in the poll: 1) Do you think Sino-British relations are important to Hong Kong in the coming two years? 2) Are you satisfied with the present Sino-British relations? 3) Are you satisfied with the way Governor Chris Patten deals with Hong Kong's relations with China? 4) Are China's political stability and economic development important to Hong Kong? 5) Should the Hong Kong government let its functionaries freely assist the Preliminary Working Group for the Preparatory Committee for the Hong Kong Special Administrative Region in making preparations for Hong Kong's transition to China? 6) Is co-operation important between government functionaries and the above Preliminary Working Group? 7) Should Hong Kong's political organizations step up communication with the Chinese side so as to establish good relations with it?

The answers to the first question are quite obvious. Since Britain will return to China the sovereignty over Hong Kong in two years, it would be ridiculous to say that Sino-British relations are not important to Hong Kong in these two years. What is more interesting are the answers to the second question. Over 50 percent of the people interviewed expressed dissatisfaction (46.08 percent of the respondents felt dissatisfied and 4.68 percent felt quite dissatisfied). As for Chris Patten's handling of Hong Kong-China relations, there were also more than 50 percent of the respondents saying it is not satisfactory. The Preliminary Working Group is an organization set up by the Chinese side for Hong Kong to "start a new kitchen." The Hong Kong government has instructed all its functionaries to keep their distance from that organization. This poll indicates most people believed that government functionaries should help the Preliminary Working Group. The simplest explanation is that "time is short and our situation is better than theirs" (a remark used in commentaries by the China News Service, a semiofficial Chinese communist news agency). The poll also shows that Hong Kong's political groups should communicate with the Chinese side. This, we believe, is also because "our situation is better than theirs."

Apparently, the poll "missed" something. For instance, while it contained a question on the way Chris Patten handles Hong Kong's relations with the Chinese side, why didn't the poll ask if people are satisfied with China's stance in dealing with the Hong Kong issue?

Also, while it raised the issue on building good relations between Hong Kong's political group and the Chinese side, why didn't it ask what relations between the two are considered as good relations?

Another public opinion poll about Hong Kong's politics was an evaluation of the highest ranking Chinese and British representatives in Hong Kong. This kind of poll, conducted by an independent polling company at the request of MING PAO, has been held semiannually since July 1992. The latest one, held in July this year, covered some 600 people, who were interviewed over the phone. The results were as follows:

With regard to Chris Patten, the highest ranking British representative in Hong Kong, the public opinion gave him a score of 60.87 (full score 100; passing score 50) for his ability, 54.12 for his trustworthiness, and 59.73 for his cordiality. The score for his ability dropped considerably from the record for the initial period after his arrival in Hong Kong (68.87). The other two scores were also lower than the records for that period. The score for trustworthiness was only a little better than the passing score.

As for the Chinese representatives in Hong Kong, Zhou Nan and Zhang Junsheng, director and deputy director, respectively, of the Xinhua News Agency, Hong Kong Branch, their scores for ability, trustworthiness, and cordiality were all a little better than in the past. Compared laterally, however, in each poll their scores in all these three aspects were lower than Chris Patten's. For example, in the latest poll, the scores for Zhou and Zhang were: 57.06 for ability; 50.45 for trustworthiness, barely meeting the passing score; and 46.26 for cordiality, still under the passing score.

There was still another poll, but this one was not related to the political situation. It was a human resources survey conducted by the Hong Kong Human Resources Research Society early this year. Responses to a questionnaire were received from 187 organizations in various fields. These organizations employed a total of more than 80,000 people.

The result of the poll shows that Hong Kong lost 1 percent of its working population, approximately 30,000 people, due to last year's emigration tide. On the average, out of every 100 emigrants, 28 returned to Hong Kong, the percentage being nearly 30 percent. But out of every 100 returnees, 67 left their jobs and went back to the places to which they originally emigrated.

A review of the previous polls held in this regard shows that about 1 percent of the working population emigrated out of Hong Kong in each of the last three years (last year the percentage was 1.04 percent, a

little higher than the 1.0 percent registered in 1993). Last year's emigrants were mostly aged between 30 and 40, more than one-half of them had a college preparatory education, and most were management personnel or other professionals. Of those who returned to Hong Kong and left again, over one-half were women professionals who were married and had children.

The poll held early this year indicates that Hong Kong's education workers were most affected by the emigration tide. Last year two out of every 100 education workers emigrated out of Hong Kong.

In mid-July, the American Chamber of Commerce published the result of a sustained poll, which has been carried out twice a year since 1993. In each poll, about 600 people were interviewed over the phone.

The poll shows that in February this year 7 percent of the people interviewed planned to leave Hong Kong and another 41 percent said that they would leave if the situation became unsuitable. Only 37 percent of the people interviewed said that they would remain here under any condition. The most essential reasons for leaving Hong Kong were to seek political stability (35 percent), freedom (27 percent), and a better quality of life (21 percent). The people's greatest concerns after 1997 were freedom (25 percent) and stability (23 percent).

A relatively peculiar question asked in this poll was: "If you could rewrite history and determine Hong Kong's outcome, what would be your choice?" Among the answers, those choosing an independent Hong Kong accounted for 24 percent; a British colony, 20 percent; a member of the British Commonwealth, 7 percent; and reversion to China, 42 percent.

In addition, the poll shows that more people expressed dissatisfaction with the Hong Kong government's performance than two years ago. Similarly, there were more people dissatisfied with what the Chinese government did.

Lastly, this article will briefly state the public view on freedom of the press in Hong Kong. Early this year, "Media Watch," a media-monitoring TV program of Radio Television Hong Kong, and the Hong Kong Journalists Association jointly asked the Social Science Research Center of the University of Hong Kong to conduct a poll. A questionnaire was distributed to 1,800 reporters and editors of the media in Hong Kong. More than 300 responses were received (a 20 percent responding rate).

The poll indicates that 42.2 percent of the journalistic workers rated the current state of freedom of press in Hong Kong as satisfactory. As to the situation in the

next three years, 84.8 percent of the respondents predicted that freedom of the press would be hampered. Additionally, the poll shows that 35.5 percent of the respondents lacked confidence in the overall development of the journalistic industry, 46.2 percent had half confidence, and only 8.7 percent had full confidence. With regard to self-examination of their works, 64.7 percent said they occasionally made such examination, 23.6 percent said they always did so, and 4.4 percent said they never did that. As to whether their organizations conducted such self-examination, 43.5 percent said that such examinations were made occasionally, while another 13.6 percent said that such examinations were a regular task of their organizations.

Hong Kong: Firms Invest Heavily in Tianjin
OW1602141096 Beijing XINHUA in English
1239 GMT 16 Feb 96

[FBIS Transcribed Text] Tianjin, February 16 (XINHUA) — More than 4,000 Hong Kong-funded enterprises had invested in north China's largest port city of Tianjin by the end of last year.

They accounted for 43 percent of the total number of overseas-funded enterprises in the municipality, according to the overseas investment office with the municipal government.

Of the total overseas investment in Tianjin, 36 percent were from Hong Kong, totalling 4.24 billion US dollars.

Last year, it approved 421 Hong Kong-funded enterprises, with contracted investments reaching 1.32 billion US dollars.

At least 1,339 Hong Kong-funded enterprises are linked to international trade, services, and real estate, holding nearly half of local total overseas-funded enterprises in those fields.

Hong Kong: Mainland-Hong Kong Red Cross Cooperation Rising
OW1502125496 Beijing XINHUA in English
1229 GMT 15 Feb 96

[FBIS Transcribed Text] Beijing, February 15 (XINHUA) — As the return of Hong Kong to the motherland approaches, Red Cross societies in both the mainland and Hong Kong are forging closer links.

Many effective ways of cooperation, including disaster relief, medical rescue work and blood donations, have been conducted in recent years.

After the recent strong earthquake in southwest China's Yunnan Province, the first donation of money, a sum

of 500,000 Hong Kong dollars, was sent to Red Cross Society of China from its Hong Kong counterpart.

Officials from the Red Cross Society of Hong Kong also went to the earthquake-stricken area to express sympathy and give aid to victims.

The first large-scale disaster relief operation in which the Red Cross Society of Hong Kong participated in the mainland was in the enormous floods of 1991 which hit seven provinces in the south part of China.

Since then, whenever a disaster happens in the mainland, Hong Kong has donated money and sent relief goods and materials. Their donations so far have reached more than 100 million yuan.

By taking part in meetings and holding symposiums, the Red Cross Society of Hong Kong has also helped to promote blood donations in the mainland, and given medical equipment to mainland health bodies.

In addition, camping holidays between mainland and Hong Kong youngsters and mutual visits of Red Cross leaders from the two sides have also been successfully conducted, enhancing the friendly links.

After July 1, 1997, Red Cross Society of Hong Kong will join the Red Cross Society of China according to the Basic Law, said Gu Yingqi, Executive Vice President of the Red Cross Society of China. But it will still have a high decision-making power.

Hong Kong: Warnings of Violence After Manila Accepts Vietnamese

HK1602090396 Hong Kong SOUTH CHINA MORNING POST in English 16 Feb 96 p 1

[By Scott McKenzie]

[PTS Transcribed Text for FBIS] There were warnings of mass violence in Hong Kong's boat people camps yesterday as the Philippines said it was allowing 2,500 Vietnamese to stay in the country.

After clashes between boat people and Philippines' security forces on Wednesday, Manila said it was halting deportations and would allow the Viets to assimilate with local communities. In Hong Kong, officials said voluntary returns would all but stop as those targeted for repatriation "fought like they have never fought before".

The move would send a message to boat people here that if they also resisted, they might also escape deportation. There was also concern it would spark a fresh exodus from Vietnam.

The fallout from Manila's decision is likely to be discussed at a meeting of Plan of Action signatories in Geneva next month.

The shock move came after talks between President Fidel Ramos and Catholic bishops who agreed to provide financial support for boat people if they could stay in the Philippines.

The decision effectively places Manila outside the 1989 Comprehensive Plan of Action to return the regional population of 39,000 boat people to Vietnam.

Diplomats said the Philippines was also likely to come under fire from fellow members of the Association of Southeast Asian Nations.

"With boat people in Malaysia, Indonesia and Thailand, these governments will be less than thrilled with Manila and certainly won't make the same offer," one diplomat said.

Hong Kong's Security Branch would only say that the territory would continue its Orderly Repatriation Programme. The next flights are scheduled for mid-March when about 200 people are likely to be removed.

The UNHCR in Hong Kong and Geneva refused to comment.

Hong Kong: Editorial on Philippines' Policy on Boat People

HK1602090496 Hong Kong SOUTH CHINA MORNING POST in English 16 Feb 96 p 14

[Editorial: "Inciting Resistance"]

[PTS Transcribed Text for FBIS] The sudden decision by the Philippine Government to cancel all deportations of Vietnamese boat people and allow the 2,500 in the country to stay could not have come at a worse time for Hong Kong. Not only does China insist that all Vietnamese are removed from the territory before July 1, 1997, but Hong Kong is just as keen to get rid of what has become an unjustifiable burden — without further damage to its image abroad.

But just as the orderly repatriation programme was beginning to live up to its name and deportees were accepting their fate without continual violent confrontation, Vietnamese in the Philippines have shown that violent resistance can work. Predictions of a collapse of the repatriation programme for all 39,000 boat people in the region hardly seemed overdone. Voluntary repatriation seems destined to dry up as boat people calculate they can force Hong Kong and other Asian ports of first asylum to follow the Philippines' example. Worse still, Manila's failure to stand firm could spark off a

new wave of departures from Vietnam. Manila will no doubt strive to portray its new policy as humanitarian and a more sustainable approach to the regional problem than the previous hard line. It is an approach it will find easier than violence to sell to its Catholic church leaders. The Church has made matters worse by agreeing to support those who stay.

This is the humanitarian approach, which the rest of the region has jettisoned with discomfort, but largely without regret. Unfortunately, Hong Kong, and others, which

have larger populations of migrants than the Philippines, cannot afford charity or humanitarianism any longer. Bitter experience has shown that any hesitation in repatriating those not designated as refugees leads to a still more stubborn determination to cling to a life in camps and detention centres outside Vietnam. Only firm decisions not to follow the Philippines example can now prevent the collapse of international efforts to bring mass Vietnamese migration to an end.

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